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NEWS SUMMARY

GENERAL

Fresh hopes for U.S. hostages

Iran's Premier Mohammed Ali Rajai said in Tehran yesterday he believed the U.S. was ready to meet Iran's basic conditions for the release of the 52 hostages.

These conditions have been previously listed as the return of the Shah's wealth, the unblocking by the U.S. of Iran's frozen assets, the dropping of legal claims against Iran and a promise not to interfere in its internal affairs.

But Mr. Rajai repeated that the hostages' fate should be decided by the Iranian Parliament, which has postponed consideration of the problem until Sunday. Back Page; Iran-Iraq war, Page 4

Symbolic protest

The Labour Party's National Executive Committee will make a symbolic protest and press for postponement of the Parliamentary Labour Party's leadership election. Back Page

Film crew held

A BBC Nationwide film crew was being held by police last night after an apparent attempt to record an illegal dog-baiting event at a Cornish quarry.

Israeli attack

Israeli fighter jets attacked Palestinian guerrilla positions on the outskirts of Beirut, Lebanon.

Mayors' hearing

Israel's Supreme Court will today begin hearing an appeal by two West Bank Arab mayors against their deportation. They are at present on hunger strike. Page 4

Bourse threat

Trading stopped on the Paris Stock Exchange after a bomb threat—thought to have been a hoax. On Monday a bomb was discovered in the building.

Chunnel opposed

The Transport and General Workers' Union attacked British Rail's £650m Channel tunnel plan in written evidence to a Commons select committee.

Typhoid alert

Staff at a Cambridge hospital are being screened after a woman kitchen supervisor was found to have typhoid. She returned recently from Cairo.

Drug smugglers

Nine men were jailed at a North Wales Court for their part in a drugs smuggling ring which is thought to have brought more than £6m worth of cannabis into Britain.

S. Korea poll

South Korean President Chun Doo-Hwan seemed certain to win a poll mandate to abolish the Parliament and political parties. Page 3

Galileo retrial

The Roman Catholic Church is to re-examine "with full objectivity" its condemnation of 17th century astronomer Galileo. He was forced to renounce his discovery that the earth revolved around the sun.

Briefly . . .

Canadian Premier Pierre Trudeau agreed to modify his constitutional reform package. Page 5

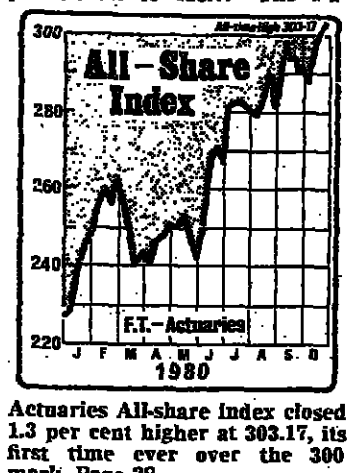
Edvard Munch's Girls on a Bridge sold for $2.8m (£1.15m) at Christie's, New York, a record for the Norwegian artist. Saleroom, Page 10

Inquest at Loughborough on former television personality Lady Isobel Barnett was adjourned until November 6.

BUSINESS

Equities advance; gold up by $7

● EQUITIES continued to rise, led by the electrical and oil sectors. The FT 30-share index put on 4.7 to 488.7. The FT-Actuaries All-share index closed 1.3 per cent higher at 303.17, its first time ever over the 300 mark. Page 38



● GILTS also continued to improve. The Government Securities index rose 0.44 to 71.27. Page 38

● STERLING'S trade-weighted index was unchanged at 78.3. The currency fell 10 points to close at $2.4350. Page 33

● DOLLAR improved to DM 1.8625 (DM 1.8600). Its trade-weighted index rose to 84.4 (84.2). Page 33

● GOLD rose $7 an ounce in London to $659.5. Page 33

● WALL STREET was up 0.59 to 955.03 near the close Page 36

● BRITISH AEROSPACE shares are likely to be offered for sale this winter. Back Page

● BLUE CIRCLE Industries plans to axe 1,500 jobs, about 12 per cent of its UK workforce, following a sharp drop in cement saels. Back Page

● PRIME MINISTER "demonstrated an appalling complacency and insensitivity about the industrial crisis" at her meeting with the TUC general council last week, the TUC said. Page 11

● UK LAMB EXPORTS slowed to a trickle as EEC regulations effectively barred all markets except France. Page 37

● MOTOR COMPONENT makers from Western Europe plan a delegation to try to persuade the Taiwan Government to clamp down on growing exports of counterfeit parts and accessories. Page 6

● CHRISTOPHER MORAN, Lloyd's broker, and Derek Walker, Lloyd's underwriter, were remanded on bail yesterday at Mansion House. Mr. Moran is accused of conspiring to defraud Lloyd's underwriters. Mr. Walker faces similar charges.

● HANSON TRUST, the industrial services and food products concern, plans to purchase McDonough, a U.S. group with interests in footwear, building materials and tools, for $180m (£74m). Back Page, Page 24

● BRITISH HOME STORES, retailers, reported taxable profits in the 24 weeks to September 13 down from £13.2m a year ago to £10.7m. Page 26; Lex, Back Page

● HAWKER SIDDELEY, electrical and mechanical engineering group, increased pre-tax profits for the half-year to end June from £53.1m to £57.2m. Page 26; Lex, Back Page

● HARLAND AND WOLFF, the state-owned Belfast shipbuilding company, reported its trading loss for 1979 up at £24.4m (£21.4m). Page 26

● DUPORT, steel and furniture group, reported pre-tax losses for the half-year to end July at £4.47m compared with profits of £4.14m in the same period last year. Page 26

● TELEPHONE RENTALS reported pre-tax profits for the six months to end June up from £5.35m to £6.31m. Page 27

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treas. 5lpc '08-12	£51¼	+ [illegible]
Assd. Dairies	232	+ 10
BTR	383	+ 9
Bejam	96	+ 5
British Home Stores	164	+ 12
Debenhams	53	+ 4
Dowty	243	+ 7
Eagle Star	267	+ 5
GEC	555	+ 15
Gill and Duffus	196	+ 12
Hawker Siddeley	234	+ 12
Hepworth (J.)	98	+ 5
Horizon Travel	327	+ 22
Intl. Thompson	360	+ 30
Marks and Spencer	114	+ 4
Paterson Zochonis A	370	+ 20
Pleasurama	173	+ 8
Racal Elec.	343	+ 7
Scottish Newcastle	66	+ 2½
Smith St. Aubyn	176	+ 10
Sun Life	242	+ 14
Tarmac	267	+ 10
Utd. Carriers	240	+ 12
Vickers	140	+ 6
Yarrow	250	+ 10
BP	462	+ 12
Premier Cons.	110	+ 8
Sovereign	465	+ 15
Goldfields of SA	£43¾	+ 1¼
Greenbushes Tin	650	+ 50
Hartebeest	£42¾	+ 1¼
Middle Wits.	720	+ 70
Randfontein Ests.	£42	+ 1⅞

FALLS

Bargel	38	− 18
Blue Circle	332	− 4
Pawson (W. L.)	26	− 3
Pressac	23	− 9

Two and a half years of struggle culminate in a decision to sell or close the 'Thunderer'

Thomson decides to pull out of Times Newspapers

BY MAX WILKINSON AND CHRISTIAN TYLER

THE THOMSON Organisation announced yesterday that its patience with Times Newspapers is finally exhausted. It will sell all the titles or close the papers by next March.

The announcement, by Thomson British Holdings, is the result of nearly two and a half years of increasingly bitter arguments with print unions about the need to reform working practices and adopt new computer based technology.

Since Thomson bought The Times in 1966, it has had to pay a total of £70m to meet losses and the cost of an 11 month suspension of publication which began in November 1978.

Since the resumption of publication last year wage and other costs have risen steeply, so that The Times, The Sunday Times and the three supplements are heading for a loss of £15m in the current year.

In spite of promises made by the unions when the newspapers returned, the management has still been unable to reach an agreement on the use of new computerised printing equipment.

The management said yesterday that if it cannot find a buyer soon, all 4,000 casual and full-time employees could be dismissed in the near future.

But if there is further disruption of the printing process the papers could be closed down very quickly, the company warned.

Only one possible buyer declared his interest publicly yesterday, Mr. Robert Maxwell, head of Pergamon Press. But in last year's suspension several organisations expressed a tentative interest.

Mr. William Rees-Mogg, editor of The Times, said last night that he believed The Times and the Sunday Times should be split up. The Sunday Times should be continued as "a conventional Fleet Street operation." However The Times should be run as an independent venture by journalists and management together.

He is flying to Canada on Monday to put this idea to Lord Thomson, who is said to be sympathetic. His plan would depend on a much more economical and modern printing operation, not necessarily in London.

Meanwhile, Mr. Eric Moonman, chairman of the Labour Party Newspaper Group suggested this was the chance for the Labour Party and the unions to realise their longstanding ambition to own a daily newspaper which would be sympathetic to the Labour cause. Mr. Jim Callaghan's name was yesterday associated with a possible rescue operation by a senior Times executive.

The Board of Thomson British Holdings stressed at a Press conference yesterday that their decision was strategic, not attributable to any single labour dispute or group of workers. It was also "irrevocable."

But Mr. Gordon Brunton, chief executive, admitted that Times Newspapers had become unmanageable. "It's virtually, in our view, under our ownership, ungovernable.

"This is a strategic decision not taken in anger, vindictively or emotionally because of problems in the last few months."

Thomson had been under constraints which another proprietor would not suffer. "We have been regarded as a milch cow because we have substantial interests outside British newspapers." The decision, he said, had been taken by the Board on Tuesday morning. Lord Thomson had been advised and had given his consent. There was no question of Lord Thomson having "lost his temper," as one report suggested.

Lord Thomson said last night in Canada that the offering price would not be the sole criterion for choosing a purchaser.

"We are not interested in an auction. We will take into account the policy and responsibility of the buyer as well as the interests of the employees, shareholders, readers and advertisers."

He had had an offer yesterday afternoon.

The Government was officially told of the decision yesterday along with print union leaders and Times employees. The news was received with shock and

Continued on Back Page

CHRONOLOGY OF THWARTED AIMS

OCTOBER 1966 Roy Thomson buys The Times.

MAY 1974 Management threatens closure unless unions agree move to Grays Inn Road from Printing House Square.

DECEMBER 1977 Times Newspapers' losses stemmed—profit of £1.7m, but disruption costs £1.1m.

APRIL 1978 Another closure threat unless unions agree new technology and reformed working practices; copies lost reach 7.7m in first quarter.

NOVEMBER 1978 NGA refuses to negotiate, company announces suspension will go ahead.

APRIL 1979 Repeated efforts to negotiate end in failure. The Times abandons plan to print weekly edition in Frankfurt.

JUNE 1979 NGA agrees to find new jobs for Times members.

AUGUST 1979 NATSOPA rejects new peace formula.

OCTOBER 1979 Times concedes major points on new technology and agrees with NGA on resumption of publication.

NOVEMBER 1979 Times refloated; circulation of all papers high; restrained optimism.

MAY 1980 Times tries major consultation effort with unions.

JUNE 1980 Lord Thomson says technology talks too slow.

AUGUST 1980 Journalists strike for more pay.

OCTOBER 1980 Sunday Times loses 1m copies in two weeks because of disruption. Group agreement on technology held up by demands from foundry men.

Management and unions agree change is needed

BY CHRISTIAN TYLER, LABOUR EDITOR

THE SEVEN Fleet Street unions which were briefly informed of the plans for The Times and Sunday Times will meet Thomson British Holdings this afternoon.

Although some will try to change the company's mind, that looks virtually impossible. Among points to be raised will be the security of the Guardian, which uses the Times presses, if plant and buildings are sold. A meeting with Lord Thomson may be demanded.

Given the company's warning that further disruption would bring early closure—perhaps in days—unions expected that production would continue uninterrupted.

Yesterday the company laid the blame on the printing unions, while confessing that it could no longer manage the company. Union officials accepted the charge of constant industrial disruption, but complained of incompetent management and of a parallel failure to honour agreements.

Both sides agreed on one point, however: relations were bad after the papers moved to Grays Inn Road, and deteriorated because of the 11-month suspension. Both agreed new management was needed if the papers were to get over their industrial relations problems and survive.

Printers and journalists, including Mr. William Rees-Mogg, editor of the Times, appeared confident the papers would not founder. Print union leaders expect a buyer to come forward.

Times journalists said they were pursuing the possibility, with the editor's support, of setting up a small publishing consortium based on an idea designated Journalists of The Times (JOTT) which first surfaced during the suspension.

Mr. Teddy O'Brien, assistant general secretary of the biggest union at Times Newspapers, NATSOPA, admitted there had been problems since the suspension ended, but said any management should have dealt with them by getting round the table "and not turning the machine room or the office into a battlefield."

Mr. Bill Keys, chairman of the TUC printing industries committee and general secretary of SOGAT, said: "It comes as no surprise. Lord Thomson said to me as long as 15 years ago in front of his father that he had no commitment to the national Press in this country."

Mr. Rees-Mogg spoke enthusiastically yesterday about the possibility of a consortium to publish The Times, and repaired his image in the eyes of the journalists who had seen him as allied with the company against them during the suspension.

Although emphasising that its decision was a strategic one, the company yesterday pointed to three areas of recent dispute which had influenced its decision.

● The most important is a pay differentials argument between NATSOPA and the NGA in the Sunday Times machine room, the same argument that nearly brought the Observer down.

This dispute led to the loss of 780,000 copies of the Sunday Times two weekends ago and 300,000 last Saturday night. In the first case other union branches were also going slow.

● A deal buying out piece rates paid to NGA composing staff had, the company said, been blocked by another NGA chapel in the foundry, which was threatening to prevent

Editorial comment, Page 24
Lex, Back Page
Maxwell emerges as early bidder, Page 10

electronic composing from going "live." While the NGA composing staff had been due to sign that agreement today, it was also reported that the foundry men were close to agreeing terms.

● Finally, there was the recent week-long strike by Times journalists—the first in the company's history—over a 21 per cent salary rise recommended by an arbitrator which the company refused to pay. This strike was described yesterday by Mr. Gordon Brunton, chief executive of Thomson British Holdings, as "a very bitter blow indeed."

John Hunt, Parliamentary Correspondent, adds: MPs of both major parties yesterday urged the Government to issue a statement on the situation when the Commons resumes on Monday.

Mr. Julian Critchley (Aldershot), chairman of the Conservative backbench Media Committee, has asked Mr. Norman St. John-Stevas, the Leader of the House, for a debate on the subject in the House next week.

Mr. James Callaghan, who announced his resignation from the leadership of the Labour Party last week, was particularly disturbed at the news.

He is anxious for steps to ensure the continuation of the paper and wants the Opposition to do what it can to help.

Spot oil prices near record

BY RAY DAFTER, ENERGY EDITOR

SPOT MARKET prices for crude oil are approaching record levels as a result of the prolonged Iraqi-Iranian war and uncertainties about future supplies.

But traders in the oil industry emphasised yesterday that there was no sign of a return of last winter's buying panic which resulted in big increases in contract tariffs.

The spot price of Middle East light crude oil is reported to be between $37.50 and $37.75 a barrel. This is about 20 per cent more than the average spot rate in the few months immediately before the Iraqi-Iranian conflict.

The small amount of heavy oil available from the Middle East is valued in the spot market at between $35 and $36 a barrel, against the average July-September rate of $32.08.

High quality crudes from Africa and the North Sea are said to be attracting a premium payment of about $1.75 a barrel above the official contract rates: $37.02 a barrel for Nigeria's Bonny Light oil and $37 for the North Sea's Ekofisk crude.

The spot rates for these premium crudes were well below contract levels for much of the summer.

Traders pointed out last night that although prices were continuing to rise in the fringe spot market, the premiums being paid above contract levels were far smaller than at the end of last year.

Japanese fuel buyers—under instructions from their Government—are refraining from paying high spot rates. In the past their scramble for oil has contributed to fast rising prices.

Even so, the market remains uneasy about oil supplies over the coming months, particularly as there are signs that India and East European countries—themselves hit by the shut down of Iraqi/Iranian exports—are seeking increasing quantities of spot crude.

Venezuela has called for an immediate extraordinary meeting of the Organisation of Petroleum Exporting Countries to "study the market situation." A Venezuelan Energy Ministry spokesman said several OPEC members had replied to the request although he would not say whether the responses were favourable.

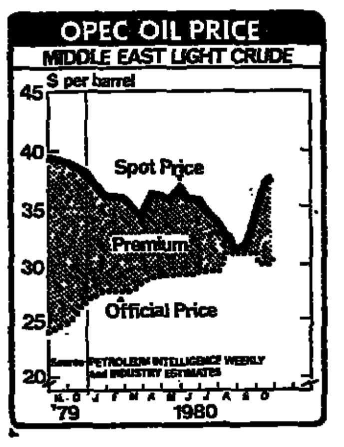
It had been suggested that the meeting should be held in London or Vienna.

The uncertain market conditions are effecting product prices, which have also risen significantly in the past few weeks.

Gas oil is said to be selling for $310 to $314 a tonne on the spot market. On October 9 the price was a little under $290.

Heavy fuel oil is selling for $215 a tonne—an increase of about $20 over a fortnight ago—while naphtha is valued at $320 a tonne, about $6 to $7 more than a week ago.

Iran's oil artery still pumping, Page 4



Demand for sterling persists

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

STERLING and Gilt-edged stocks were again in demand yesterday as money was attracted into London by the high interest rates on offer compared with overseas.

Trading in the foreign exchange markets was less active than earlier this week and there was some late profit-taking. Consequently, the sterling trade-weighted index, measuring its average value against a basket of other currencies, closed unchanged at 78.3 after a day's high of 78.4.

The pound rose at one stage to $2.4435 before slipping back in the afternoon to $2.4350, a fall of 10 points on the day. But it made further small gains against the main Continental currencies, closing at DM 4.53¾ compared with DM 4.53¼ previously.

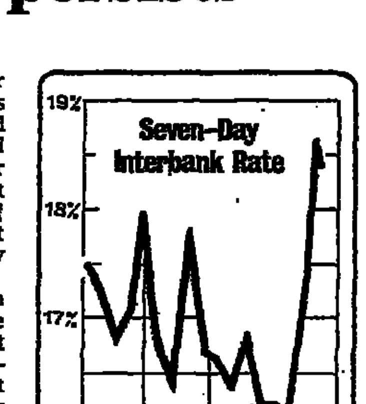
There were reports of Middle Eastern demand for sterling. Foreign interest was also seen in the gilt-edged market. Prices of long-dated stocks rose by up to £⅞. For the first time the Government Broker sold the tap stock—11¾ per cent Exchequer 1986—at £30$\frac{1}{16}$ per cent in its partly paid form.

The big rise this week in sterling yesterday fuelled the now familiar speculation about the possibility of a cut in minimum lending rate today. But last night a reduction was regarded as highly unlikely by the City markets.

The official prefence is still to wait at least until the October monetary figures are available towards the end of next week, and possibly until decisions are taken next month about monetary policy.

This caution is likely to be reinforced by the continued tight conditions in the London money markets which have helped to keep three-month interest rates at well over 16 per cent.

Money Market, Page 33



CONTENTS

For latest Share Index phone 01-246 8026

East European leaders still fear "democratic socialism," writes **Leslie Colitt** in Berlin

The storm gathers over Poland's free unions

FEAR OF Poland's independent unions has gripped the leaders of the Warsaw Pact countries. It is this fear of the dangers, real or imagined, to the stability of the Communist regimes which makes the next steps by Moscow and its hardline allies so unpredictable.

"A spectre is haunting Eastern Europe, the spectre of democratic socialism," said one East German writer, giving another twist to the opening words of the Communist Manifesto.

He, and most of his countrymen, are sceptical about the chances of survival of the free trade union movement in Poland. Their pessimism is reinforced by the increasingly sombre warnings of Herr Erich Honecker, East Germany's leader, that East Germany "cannot remain indifferent to the fate of people's Poland."

"If our friends (in Moscow) believe the Polish comrades are in serious trouble, and that the fraternal parties in Berlin and Prague are threatened, then they will rush to Warsaw's aid from all sides," noted an East German Communist Party member, while describing a pincer movement with his hands.

Not for a moment do East Germans doubt that their authorities' latest attempt to reduce contacts between East and West Germans by raising the currency exchange "fee" for Westerners entering East Germany was a by-product of Moscow's fears over Poland.

"In the conspiratorial Soviet mind," said one East Berlin professor, "the many West Berliners and West Germans visiting their relatives and friends here were part of a two-pronged assault on socialism in East Germany. It was represented as the Deutsche Mark undermining socialism from the West and by Lech Walesa (leader of 'Solidarity,' the biggest new union) undermining it from the East. Our leaders are able to read the collective mind of the Soviet leadership and acted swiftly."

Some East Germans, especially younger ones, express sympathy for the new Polish unions' goals, but as cautious people they believe the unions are moving too fast. Perhaps an even greater number are wary of all political developments in Poland, believing, as one East German foreman put it, that the "Poles have made a mess of everything." This hostile view has been reinforced by the economic aid East Germany is providing to Poland, which many East Germans see as a threat to their own standards of living.

Czechoslovaks are equally pessimistic about the Polish unions' future. As in East Germany younger Czechoslovaks, unburdened by past animosities between Poles and Czechoslovaks, have placed the greatest hopes in the new unions.

Herr Honecker of East Germany, left, is giving sombre warnings. Mr. Dubcek of Czechoslovakia, centre, learned the price of reform in 1968. Mr. Kadar of Hungary, right, does not fear Poland's new unions.

A middle-aged Czechoslovak who, like nearly all his countrymen, was a supporter in 1968 of Mr. Alexander Dubcek, the reformist Communist leaders, shrugged his shoulders and said: "We were taught our lesson in August 1968 (the time of the Soviet-led invasion) and have no illusions about what will happen in Poland."

Mr. Ota Sik, a top economics official under Mr. Dubcek who fled to the West after the Soviet occupation, noted that there "can be no status quo" in Poland now.

One possibility he suggested is that the new unions will push through their economic demands, but will come into conflict with the Communist Party on political issues. The party "will then put the unions under pressure. And if the party fails, then intervention is possible," he said glumly.

Hungarians, who of all the Eastern European people feel the greatest sympathy towards the Poles, say that Mr. Jano Kadar, their own Communist leader, stands alone in Eastern Europe in not fearing that the Polish unions are threatening the stability of his more liberal Communist rule. His party has refrained from direct criticism of the unions and has expressed the hope that Poles will find a "socialist solution" to their problems.

When Herr Honecker recently said that East Germany and its "friends" would make sure "no one turns back the wheel of history," in Poland, even Polish officials were incensed. Such remarks from East Berlin, they noted, were almost calculated to cause wavering Poles to throw their support to Mr. Walesa and his Solidarity union.

East European moderates believe that the more strident the hardliners' attacks become, the more likely they will be to produce a bond between the new unions and disillusioned members of the Polish Communist Party.

Why then do the East Berlin and Prague hardliners publicise their frequent warnings? One East German who has spent an adult lifetime reading between the lines of official Communist pronouncements said that, in fact, they are telling "us not to get up any false hopes that change might be possible here if the Polish unions survive."

Dark warnings of a "national disaster"—that is, a Soviet invasion—were strongly hinted at by the beleaguered Polish Communist Party during the August strikes. Only this week, Mr. Walesa, asked about the threats of outside intervention, replied: "Let them try. They often threatened us in the past with rockets and tanks. We will not let ourselves be smashed in the face."

Blunt language like this is quite different from the ideological opposition to Moscow provided by Czechoslovakia in 1968. The Russians then were convinced that Czechosolavakia would not resist an invasion.

One Pole, who called himself an "optimistic sceptic" on the prospects for the new unions' success, noted that the likelihood of Soviet intervention was "small, because the Polish people are angry." He admitted, however, that the Russians were "unpredictable," and that no one could know what was on President Leonid Brezhnev's mind. Another Pole felt the Russians are leaving their aims "purposefully vague."

One long-time East European Communist said this week he was less optimistic than ever about Poland because of disclosures at the Soviet Communist Party's Central Committee session in Moscow.

"If the Soviet harvest turns into another disaster as indicated," he remarked, "and there are . . . problems in feeding the Soviet people, then Brezhnev and his Politburo will indeed feel threatened, and not only by Poland."

Walesa adamant over union statutes

MR. LECH WALESA, the leader of Poland's free trades union, Solidarity, will not alter the union's statutes "by a single comma" to speed up the official registration of the union.

Solidarity's application for legal registration has been held up in the Warsaw courts for nearly four weeks. The draft statutes pledge to uphold the Polish constitution, where communist supremacy is enshrined, but make no reference to the leading role of the Communist Party.

Mr. Mieczylaw Rakowski, a member of the Central Committee of the party, said on television on Tuesday night that Mr. Walesa's position was unacceptable and that the issue of party supremacy was the cause of the delay.

Mr. Rakowski said Solidarity must have a clearly defined political character.
Reuter

Christopher Bobinski adds from Warsaw: Thirty-three Polish railway workers in Wroclaw are on hunger strike in support of a pay demand.

The action comes after talks between the Transport Ministry and the railwaymen's branch of Solidarity broke down when the Minister refused to discuss the wage demand on the grounds that it was too high.

Even though the authorities are dragging their feet on the issue of Solidarity's registration, there are signs the mass media are being opened up to people with dissenting views. Tuesday evening saw a 40-minute discussion on television about the present situation in the country, which was attended by participants of the "Experience on the Future" group. The group has produced two reports highly critical of Government policies in recent years.

At the same time, the Society of Acedemic Courses, a group of academics who have organised lectures in private houses on subjects excised from official courses, has been invited to hold its annual inaugural lecture in the main hall of Warsaw University on Friday.

Top Soviet envoy in Czech talks

By Our Berlin Correspondent

MR. ANDREI KIRILENKO, a senior Soviet politburo member, arrived in Prague yesterday for talks on Poland with Mr. Gustav Husak, the President and Communist Party leader.

The Czechoslovak leadership feels threatened by developments in neighbouring Poland, whose new independent unions have been criticised as "counter-revolutionary."

In a flurry of eastern diplomatic activity, Mr. Boris Ponamarev, another Soviet politburo member, is in East Berlin for talks with Herr Erich Honecker, the East German leader, who has pledged his country to fight the "subversive activities of anti-socialist forces in Poland."

General Heinz Hoffmann, East German Defence Minister, who is a member of his party's politburo, told party officers in the East German army that every member of the armed forces is to be raised to a "high level of political alertness" in order to "reject the ideological attacks of the enemy."

General Hoffmann said: "The continued forward march" of socialism and its "military defence" requires not less but more "political and ideological work."

East Germany's leading political weekly said yesterday the real aim behind West Germany's policy of detente toward East Germany was to "eliminate the socialist system on German soil . . . that means the liquidation of the German Democratic Republic."

Austria plans £11bn budget

VIENNA — Dr. Hannes Androsch, Austrian Finance Minister, yesterday outlined the 1981 budget providing for revenues of Sch 285.3bn (£9.3bn) and expenditures of Sch 335.1bn (£11bn). He told Parliament that half the projected Sch 50bn deficit was the amount Austria had to set aside to pay its debts at home and abroad.

The net deficit of Sch 24bn would be the lowest since 1974 in relative terms. The 1980 budget year was expected to close with a net loss of Sch 30bn.

Austria's large foreign trade deficit, expected to total Sch 86bn this year, may reach only Sch 78bn next year because of lower economic growth and a reduced level of imports.
AP

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Martens is sworn in to head Belgian four-party coalition

BRUSSELS—King Baudouin of Belgium swore in a new Government yesterday and named Mr. Wilfried Martens as Prime Minister.

The appointment of Mr. Martens' 32-member Government, a four-party coalition made up of the French and Dutch-speaking wings of the Socialist and Social Christian parties, ended a two-week political crisis.

It will be the fourth government that Mr. Martens, a Flemish Social Christian, has headed in 18 months. The last one fell on October 7 after the right-wing liberals split with the members of the present coalition over what they considered inadequate proposals to cut public spending.

The only major changes in the new coalition were the appointment of Mr. Mark Eyskens, a Social Christian, as Finance Minister to replace Mr. Paul Hatry, a Liberal, and Mr. Frank Swaelen, a Social Christian, as Defence Minister in place of Mr. Charles Poswick, of the Liberal party.

The Socialist Mr. Willy Claes stays on as Minister for Economic Affairs, and Mr. Charles-Ferdinand Nothomb, a Social Christian, retains the Foreign Minister's post.

The Government, Belgium's 30th since 1944, will command 140 seats in the 212-seat Parliament and 125 out of 181 in the Senate. Its most pressing task will be to deal with the country's growing economic problems.

Unemployment, at over 10 per cent, is the highest in the European Community, the balance of payments deficit is expected to reach £2.45bn this year, and there is a £400m deficit in the social security system.
Reuter

Dispute over Danish oil comes out in the open

BY OUR COPENHAGEN CORRESPONDENT

THE ARGUMENT about how Denmark's oil resources should be explored and exploited has been forced into the open by publication of details of negotiations between the Energy Ministry and the sole franchise holders, A. P. Moeller and its partners in the Danish Underground Consortium (DUC).

Talks have been continuing for seven months on changes to the 1976 agreement which gave the DUC exclusive rights on land and offshore.

The Energy Ministry, which says the DUC is moving too slowly, wants to break up the area into smaller zones and bring more companies into the hunt.

Under the terms of the original deal—which was set to run until 2010—the DUC was to begin handing back parts of the concession, starting with a 9 per cent parcel by January 1981 with the handover continuing at 9 per cent every fifth year until 1990.

The Energy Ministry believes this is not fast enough and wants half of the concession back by 1982 and the rest of 1985. DUC will be allowed to keep areas in which it has found oil and gas but the Government will have first rights to any North Sea production.

A. P. Moeller is offering to give back 37 per cent of the concession now, but retain the rest under the original agreement. It also claims that Mr. Poul Nielson, the Energy Minister, has turned down its offer to bear the whole cost of a pipeline for the North Sea.

Gaullists urge big investment boost

BY ROBERT MAUTHNER IN PARIS

THE GAULLIST RPR party, which has persistently criticised the Government's economic policy, has published its own programme calling for an acceleration of economic growth through massive state support.

The new proposals will doubtless be a cornerstone of the campaign to be conducted by the Gaullist candidate in the forthcoming presidential election, who will probably be M. Jacques Chirac, the party leader.

Commenting on the programme, published in book form under the title of "Trump Card France," M. Jean Meo, the deputy secretary-general of the party, said that Prime Minister Raymond Barre's current economic policy was leading the country to "bankruptcy and revolution."

Given the present rate of economic growth, the budget deficit and that of the social security system would soon reach FFr 100bn (£10bn) and, if nothing was done, unemployment would rise to the "intolerable level" of more than 2m.

The right to work was a fundamental principle in the fight against unemployment, currently running at some 1.5m. It should be the first of all priorities, M. Meo said in a preface to the book.

The fundamental mistake which had been made by President Giscard d'Estaing and M. Barre was to have opted deliberately for a slow growth policy. What was required was a moderate reflation of the economy, which would create jobs and strengthen the country's economic structure.

The Gaullists therefore proposed a Ffr 100bn investment support programme spread over five years and applicable not only to industry, but to agriculture, construction and regional development.

This programme would be financed, not by raising taxes nor by increasing the budget deficit, but by a reduction of public expenditure, a proposal which observers have found somewhat self-contradictory, given that so much government money would be channelled into support for investments.

The Gaullists also propose a special employment contribution to be made by the richest categories of the population, which would take the form of a Ffr 15bn bond issue, and the exoneration from income tax of all people earning less than £3,000 a year.

Oreja takes up new Basque post

By Robert Graham in Madrid

SR. MARCELINO OREJA, Spain's former Foreign Minister, yesterday took up his new post as government representative in the Basque country. The post, created last week along with a similar one for Catalonia, reflects a more conciliatory policy towards the Basque nationalists.

He will act as the principal co-ordinator of government policy, a role that covers both political, economic, social and security matters. Sr. Oreja, a Basque with a parliamentary seat for Guipuzcoa, will oversee the delicate devolution of power to the new Basque government. He has the rank of a Minister and has apparently been given a wide measure of personal initiative.

The more conciliatory approach towards the Basques is also underlined by the parallel removal of Gen. Sanez de Santamaria as the government's special representative in the Basque country co-ordinating security operations.

The disappearance of this post is regarded as a gesture of good will towards the Basques, also paving the way for the creation of a security force raised and controlled by Basques. However, Sr. Oreja's appointment has been greeted by some Basque nationalists as "colonial" since he will act as a sort of governor-general.

ETA, the militant Basque separatist organisation, is continuing its campaign of terror, and the political parties sympathetic to it are increasingly distanced from parliamentary politics.

Falldin survives by one vote

By William Dullforce in Stockholm

THE SWEDISH Government yesterday survived by a majority of one an opposition motion of no confidence in the Swedish Riksdag (Parliament). The voting was 175-174 in favour of Mr. Thorbjörn Fälldin's non-Socialist coalition.

The Social Democrats and Communists failed to obtain the single defection from the Conservative, Centre and Liberal ranks which they needed to bring down the Government. They had charged the coalition with abandoning Sweden's traditional full employment policy and with reneging on guarantees to pensioners.

The latest opinion poll indicates that public support for the Government has slumped to 43.5 per cent, while 49 per cent back the Social Democrats and 6.5 per cent favour the Communists.

Mr. Fälldin has reiterated his intention to press ahead with cuts in public spending.

West German vehicles

West German motor vehicle registrations climbed to 208,680 in September, 26.6 per cent up from August and 5.5 per cent above the level a year ago, the Federal Statistics Office said, Reuter reports from Flensburg. New registrations in the first nine months of 1980 totalled 2.23m, 7.2 per cent down on the same period of 1979.

Geneva accord seeks an end to napalm, land mines, booby traps

BY BRIJ KHINDARIA IN GENEVA

THE MOST brutal feature of modern war, the heavy death toll among civilians, may be alleviated by an international treaty concluded in Geneva earlier this month after two years' negotiation. The treaty also aims at protecting guerrillas and soldiers against needless suffering.

The treaty, which supplements the Geneva conventions of 1949 and the protocols of 1977, has been sent for approval to the United Nations General Assembly in New York. It will come into force as soon as 20 countries have signed it.

"Excessively injurious conventional weapons" which kill massively and indiscriminately or cause unecessary pain are the treaty's target. It strikes a precarious balance between humanitarian imperatives and the wartime need to kill the enemy. This conflict has dogged war strategists and negotiators, especially since the realisation that a third of the people killed in the Second World War were civilians, compared with only 5 per cent in the First World War.

The percentage rose to 37 per cent in Korea and 41 per cent in Vietnam, because of more destructive weapons and the hazy line between civilians and guerrillas.

Other reports from the Middle East, Indochina and Africa describe fragmentation bombs which explode into tiny pieces undetectable by X-ray, and difficult to remove surgically because they have hooks or crooked shapes.

In many places, civilians have been killed even after the end of war by randomly placed land mines whose locations had been forgotten, or by booby traps which were often simply toys and articles of daily use rigged with explosive.

The protection the new treaty gives to civilians in wartime goes well beyond the four Geneva conventions and the two protocols. But it will be applied only if each party to a conflict promises to abide by the conventions and protocols.

> The Geneva treaty to curb the use of 'excessively injurious conventional weapons' has been sent for approval by the UN General Assembly.

The 1949 conventions regulate treatment of prisoners of war and the wounded and sick, forbid torture or degrading treatment, and protect civilians against military attack.

The 1977 protocols, reflecting the lessons of later wars in Vietnam and Africa, give guerrillas and anti-colonialist fighters equal protection to regular soldiers.

The new treaty bans booby traps and fragmentation bombs or fragmentation bullets. It also forbids the use against civilians of napalm and other firebombs, including the magnesium and thermite bombs used in the Second World War.

Such incendiaries may be used only against troops located away from cities, provided that they are not dropped by aircraft because of the possibility of inaccurate aim. Nor may they be used in excessive quantities to cause needless suffering to troops.

Landmines are forbidden in civilian areas. They may be used for military purposes only if their locations are carefully recorded so that they may be removed after the war.

To protect the environment, firebombs and defoliants may not be used in forest areas unless combatants are known to be hiding there.

An important provision extends the treaty's protection to guerrillas if they have an identifiable commanding authority which promises, in its turn, to enforce obedience to the agreement. In line with the 1977 protocols, this does not cover internal insurrections.

The new treaty closes some of the biggest loopholes in the Geneva conventions. But many Governments, including those of the United States and the Soviet Union, have reserved the right sometimes to use incendiary weapons which kill by burning or suffocation.

What the Russians do in Afghanistan will be the first test of their willingness to comply with the treaty. But the treaty may not get the 20 signatures it needs until the end of next year.

President Chun set to win S. Korea poll mandate

SEOUL—South Koreans voted yesterday in a constitutional referendum and President Chun Doo-Hwan appeared certain to win a mandate to abolish the parliament and political parties.

Calls by militant students for a boycott of polling booths were ignored as a record number turned out to vote on what will be the country's ninth constitution since the first government was sworn in in 1948.

Newspapers began carrying banner headlines proclaiming that the new constitution was certain to be adopted by an overwhelming majority.

The constitution will pass when a simple majority of "yes" votes are counted. Over 92 per cent of the more than 20m eligible voters turned out in what the central election management committee said was a record.

The final result will be known only late on Friday or early Saturday.

President Chun, his wife and eldest son were among the first to cast their votes at the polling station near the Presidency.

Among other early voters were the acting leaders of the two main political parties, Chung Nae-Hyok of the Democratic Republican Party (DRP) and Yi Min-u of the New Democratic Party (NDP).

Kim Jong-Pil, former DRP leader, retired from office after returning $36m worth of corruptly obtained assets to the state to avoid prosecution. Kim Young-Sam, former head of the NDP, who has been kept by the military under house arrest, retired saying the atmosphere in South Korea was not conducive to party politics.

Reuter

S. Africa economic plans cut across boundaries

BY QUENTIN PEEL IN JOHANNESBURG

A NEW economic development strategy, which cuts across the political boundaries of the independent tribal homelands established under South Africa's apartheid policy, has been adopted by the South African Government.

Details of the policy, which seeks to give impetus to the decentralisation of industrial development in South Africa to the impoverished rural areas, were revealed by Mr. P. W. Botha, the Prime Minister, at a meeting with business leaders.

But he insisted that allowing economic development to transcend political boundaries did not affect the essential policy of racially segregated political development in South Africa.

Mr. Botha told the annual meeting of the Association of Chambers of Commerce in Johannesburg that the South African Government and leaders of all the independent and non-independent homelands had agreed that "economic development transcending political borders" should be a priority for co-ordinated strategy in a "constellation of States."

Other priorities should be the establishment of a "multi-regional development bank for Southern Africa," and the promotion of small businesses.

He called the business community to support the government's strategy, and in particular to provide at least R50m towards the R100m share capital of a small business development corporation.

The significance of Mr. Botha's announcement is that it is an admission of the failure of the apartheid policy to create economically viable black states alongside the dominant white South Africa.

"The reality we must face is that it is impossible to consolidate the geographical area of each national group in such a way that it will become economically viable on its own, or that it will satisfy the aspirations of the people within its geographical boundaries," he said.

At the same time, Mr. Botha appears to have accepted that his vision of a "constellation of Southern African states" includes no more than white South Africa and the black homelands, with the possible addition of Namibia (South West Africa) as long as it is under effective South African rule. The idea has been consistenly rejected—on political grounds—by neighbouring black states such as Botswana and Lesotho.

Mr. Botha said that the homeland leaders had agreed to concentrate on economic co-operation, "leaving states free to decide on political co-operation at a later date."

French car output

French vehicle manufacturers produced 2.2m cars and light vans in the first nine months of this year, a decline of 5.6 per cent on the comparable period last year, AP-DJ reports from Paris.

Soekor tests fresh offshore gas find

By Our Johannesburg Correspondent

SOEKOR, the South African state oil-prospecting concern, has found gas in a borehole about 90 nautical miles off the coast, it was announced yesterday. The strike is being tested to see if it is commercially viable.

The find is the ninth gas strike so far by the exploration company, along the Agulhas bank between Plettenberg Bay and Still Bay on the South African south coast. So far, however, none have been considered viable.

Mr. Dawid de Villiers, the chairman of Soekor, said tests would be completed in the next two or three weeks. He said there were also shows of gas or oil in three other wells in the same structure at depths down to 3,400 metres.

In spite of its lack of success, the South African Government has stepped up its oil search offshore in the past year, leasing a third drilling rig. The search has cost about R150m in the past 10 years.

Last year, Soekor reported a gas strike off the west coast, at Hondeklip Bay.

South Africa has no indigenous sources of oil, and is therefore vulnerable to an international embargo, although its big synthetic fuel programme at Sasol is designed to reduce this.

The Abadan refinery is in ruins, but Iranians are not yet out of fuel

Tehran's oil artery is still pumping

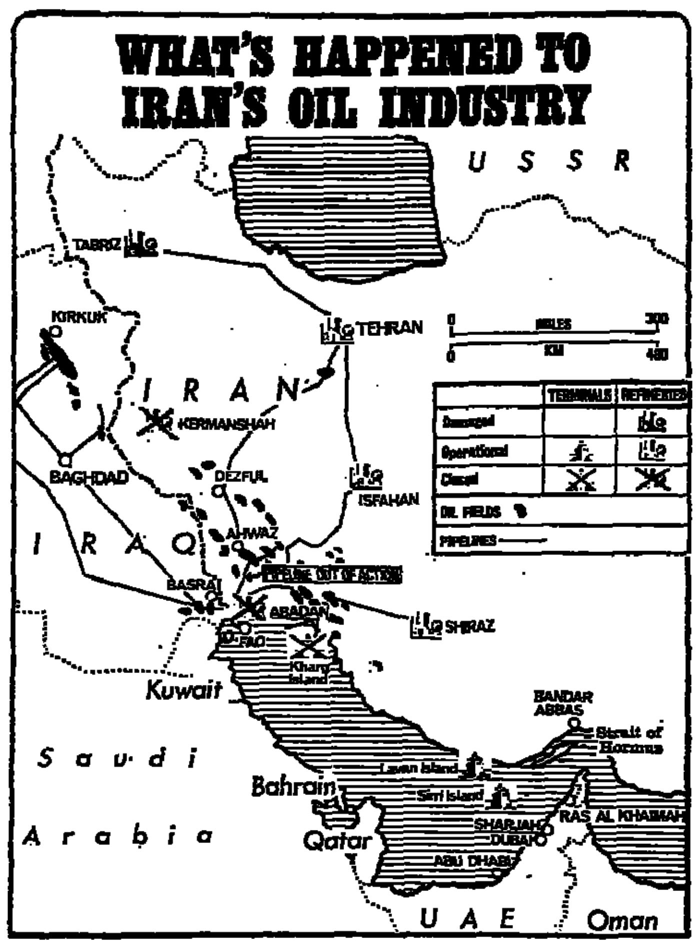
BY OUR FOREIGN STAFF

TEHRAN'S NOTORIOUS traffic jams disappeared the day after the war with Iraq began. Private cars were banned from the streets between sunrise and sunset. Petrol was unavailable. After a week, air pollution had dropped to internationally acceptable levels.

Tehran's flamboyant drivers are now back on the streets, thanks to a rationing scheme introduced last week. Filling stations are only open to the private motorist between 2 p.m. and 5 p.m. Queues for kerosene are also forming as Iran's winter closes in.

Iran television has shown no pictures of the blazing wreckage of Iran's largest refinery at Abadan, but all Iranians know their main oil installations are under attack. Private petrol consumption in what was once the world's second-largest oil exporter is now limited to 30 litres a month. Revolutionary committee members visit each household to establish its fuel requirements. Heating oil is in particularly short supply.

Iran has enough oil products to last the winter, according to Mr. Mohammed Javad Tondguyan, the newly appointed Oil Minister, but stocks are low. They include only 1.2m barrels of petrol, 3.4m barrels of diesel and 6.54m barrels of kerosene. In previous winters, Iran imported kerosene from Kuwait.



Abadan used to produce 60 per cent of all Iran's refined products, but half was exported. The Tehran Government now faces two problems: it has to get enough fuel from its remaining refineries and has to feed the refineries with crude from the oil fields in embattled Khuzestan province.

The refineries the Government relies on now are at Isfahan and Tehran, which together produce 425,000 barrels a day (b/d). Neither has been hit so far by Iraqi bombs. The smaller refinery at Tabriz has been damaged, but it is not clear how long it will take to repair.

The main pipeline from Ahwaz, in Khuzestan, to Tehran is vulnerable to advancing Iraqi tanks, and has already been blown up just north of Abadan. The Iranians will therefore have to rely on a secondary pipeline to Isfahan. If this were damaged or destroyed, it is difficult to see how the Iranians would fuel their war effort.

It is simple to cut down on consumption by rationing Iran's 2m motorists, but enough diesel must be available to bring supplies and troops to the front and to distribute food to civilians.

Garages on the 1,000-kilometre road between Tehran and the Turkish border, which carries many of Iran's essential imports, are willing to sell diesel to lorries, but only 30 to 60 litres at a time. Lorries are spending so much time looking for fuel that the trip can take several days, rather than the normal 15 hours. Bulgarian lorries cope by using belly tanks and their own filling station on the Turkish side of the border.

An irreducible minimum of fuel will always be needed, whatever rationing schemes are introduced. Jet fuel is now being produced only in Tehran, but the second part of the new Isfahan refinery, which opened only at the beginning of September, is said to be able to produce jet fuel. A Phantom jet fighter bomber uses about 4,000 litres for the flight to Baghdad and back. It would not be too difficult for the Air Force to use fuel stocks built up by the civilian airline, but the Iranians are reported to have been seeking to buy 50,000 tons of jet fuel on the world market. This could be landed at the Lavan island terminal in the lower Gulf, well away from the fighting.

Iran can still pump crude from Agha Jari oil field to Isfahan and Gachsaran to the small Shiraz refinery. But the pumping stations again are vulnerable to air attack and to difficulties with power supplies.

Assuming that all private motorists receive their full allocation of petrol, only 11,500 b/d of petrol will be needed. More important, however, is kerosene, essential for heating in Tehran and also for cooking and lighting in the small towns and villages where more than half Iran's 36m people live. The private motorist could be banned, but kerosene supplies cannot be so easily limited.

During the winter, kerosene makes up as much as a third of Iran's 650,000 b/d consumption of products. In the factories, fuel oil is now being used increasingly instead of kerosene, in an attempt to preserve stocks and supplies. Despite this, a winter demand in excess of 100,000 b/d for kerosene seems inevitable. At that rate, stocks would last for two months.

In the past, Iran has only just managed to get through the winter by a high level of domestic production supplemented by imports of products. With Abadan out of action and with difficulties in importing, shortages are inevitable and tighter rationing will be necessary. But Iran should be able to produce enough fuel to keep its armed forces in action for the next six months, providing its remaining oil installations are not destroyed.

With the main oil-exporting terminal at Kharg Island damaged and out of use, exports can still be handled via both Lavan Island and the small Sirri Island terminal. Theoretically some 200,000 b/d could be off-loaded from these points, so easing the pressure on Iran's financial reserves. Continuing exports from these two terminals was recently confirmed by Mr. Ali Reza Nowbari, the governor of Iran's Central Bank.

Gas field repairs nearing completion

By Simon Henderson

REPAIR WORK on a huge Iranian offshore gas field, which has continued despite the revolution, the hostage crisis and the Gulf War, is due to be completed this week after three years.

The Liberian-registered drilling barge, Scan Bay, is expected to move from its position 70 miles south-east of Bushehr in the Pars gas field to take up other work for the National Iranian Oil Company (NIOC).

It has been working in the area ever since an underground blow-out occurred in the field in September, 1977. The so-far unexploited Pars field is estimated to contain reserves of 54 trillion cubic feet of natural gas, making it one of the largest in the world.

The gas field's exceptionally difficult rock structure meant that it was not until two months ago that the blow-out was finally sealed. Since then the Scan Bay has been doing repair work on the field.

The successful operation shows both the continuing efficiency of NIOC despite revolutionary purges, and the pragmatism of its management. Although the drilling barge is owned by a group of interests of which the largest is the Norwegian Mosvold shiping group, it is being operated by Scan Drilling which has offices both in Houston and Singapore, as well as Bahrain where the present operation is based.

The rig's crew is a mixture of both Iranians and expatriates, including some Americans. Asked about the anomaly of having U.S. oilmen on board despite the hostage crisis, an NIOC official said they had Iranian work permits, showing that "if you need something, you can get it."

Officials in Washington pointed out that as a pre-existing service contract, Scan Drilling would not be affected by U.S. sanctions regulations.

Although not intended for exploitation immediately, the Pars gas field will be of importance to Iran when and if oil exports revive after the Gulf War.

During the Shah's rule there were grandiose plans to use the gas both for reinjection in the big Gachsaran oilfield on the mainland and for exports as liquefied natural gas.

West Bank mayors' case begins today

BY DAVID LENNON IN TEL AVIV

ISRAEL'S Supreme Court will today begin hearing an appeal against their deportation by two West Bank mayors who are on hunger strike at the Israeli border post beside the Allenby Bridge over the Jordan.

The case has already begun to stir up foment in the occupied territories where pressure is growing on the other mayors to tender a collective resignation if the banishment of their colleagues, Mr. Fahd Kawasmeh of Hebron and Mr. Mohammed Milhem of Halhoul, is not reversed.

The Supreme Court agreed to hear the case only half an hour before the mayors were due to be deported again after being permitted to return last week from five months' exile to present their case before the military government's appeal committee. The mayors went on hunger strike after the committee rejected their appeal.

Both Mr. Menahem Begin, the Prime Minister, and the military governor of the occupied West Bank, have also rejected appeals to cancel the deportation orders against the mayors.

The two were summarily banished in May on charges of incitement against the occupation only hours after six Jewish settlers were killed in a Palestinian ambush in Hebron.

The families of Mr. Kawasmeh and Mr. Milhem have asked the other mayors to resign in protest if the expulsion orders are not rescinded. But Mr. Elias Freij, the mayor of Bethlehem, opposes this move which he says would play into the hands of the Israeli authorities.

Former Lebanese minister asked to form government

BEIRUT—Mr. Elias Sarkis, Lebanese President, named Mr. Shafiq Al-Wazzan, former Justice Minister, as Prime Minister-designate yesterday and asked him to try to form a new government, a presidential statement said.

Mr. Selim Al-Hoss, outgoing Prime Minister, announced his resignation in June but stayed on in a caretaker capacity while attempts were made to create a government of national unity.

● ISRAELI aircraft attacked Palestinian positions along the Lebanese coast south of Beirut yesterday, Israel radio reported.

The radio said all the Israeli aircraft returned safely after the raid, but gave no further details and the Israeli military command would not comment on the report. Agencies

Victoria to hold inquiry into newspaper ownership

BY JAMES FORTH IN SYDNEY

THE STATE Government of Victoria will hold an inquiry into the ownership and control of the state's newspapers with a view to preventing newspapers from falling into limited or monopoly ownership.

Mr. Rupert Hamer, the state Prime Minister, denied that the inquiry was connected with the bid late last year by the News Group, headed by Mr. Rupert Murdoch, for control of the Victorian-based Herald and Weekly Times, Australia's largest Press group.

Nor will the inquiry have any retrospective power, he said. "I am not foreshadowing any change," Mr. Hamer said. "I think that it's more a matter of making sure we don't get concentration of power and influence in the future."

The inquiry will seek to establish the extent to which the beneficial ownership of shares or the voting power in corporations publishing newspapers with a substantial circulation in Victoria is concentrated and whether it would be in the public interest to regulate ownership and control

Bombers strike at Baghdad as Iraqis raid Dezful

BY OUR FOREIGN STAFF

IRANIAN fighter bombers raided Baghdad yesterday and Iraqi aircraft made raids against positions around the beseiged town of Dezful, according to the Iraqi news agency.

Tehran radio said Iranian forces had destroyed five Iraqi artillery pieces and shot down an unspecified number of Iraqi aircraft near Mehran in the northern fighting area.

Further south the Iraqis claimed to have sunk an Iranian supply vessel at Khowr Musa, a port at the heal of the Gulf just east of the beseiged cities of Khorramshahr and Abadan.

The Iranians said that fierce fighting was continuing both in the area east of these cities as well as north of them towards Ahwaz, the capital of Khuzestan province which is also threatened by Iraqi tank and artillery units. But the refinery city of Abadan was said to be calm with Iranian forces holding their positions.

According to the Iraqi report, Iranian aircraft also attacked a town in northern Iraq. The agency quoted a statement from the Iraqi military high command as saying two Iranian Phantoms struck at a residential suburb of Baghdad, wounding eight people. One of the jets was shot down, it said.

The Iranian air force also hit at Haj Umran, near Iraq's north-eastern border with Iran, the agency said.

The statement said another Iranian jet was shot down over the southern battle zone. Forty Iranians were killed in 24 hours of fighting for the loss of 24 Iraqis, it claimed.

It also said two Chieftain tanks and an armoured personnel carrier were captured from the Iranians in working order. Three Iraqi vehicles were destroyed in the fighting in Iran's oil-producing province of Khuzestan.

In the area of Sar-E-Pol-E-Azahab, Iranian artillery had destroyed all enemy artillery units, the Iranian broadcast added.

Phillies' win could run out Reagan

By Jurek Martin, U.S. Editor, in Washington

RONALD REAGAN might just as well pack up his saddelbags and ride back to California, because he will never become President of the United States. This was made clear on Tuesday night by the victory of the Philadelphia Phillies over the Kansas City Royals in baseball's World Series.

In every election since the war, with the exception of 1948, whenever a National League team has taken the Autumn classic, a Democrat has won the Presidency: Whenever the competing American League side has won, the White House has gone Republican. The Phillies represented the national league.

For rune readers, the World Series contained many bad omens for Mr. Reagan. The Democratic Party is, notionally, the party of the Left. Philadelphia's star performers were a pair of pitchers, Steve Carlton, the big starter, Tug McGraw, the venerable and hairy relief hurler both left handers. So are Larry Bowa and Del Unser, two unsung performers who delivered key hits throughout the six games.

It follows, therefore, that the Kansas City players found most wanting pitched and swung from the right side: like Dan Quisenberry, the underhand relief pitcher, whose gingery hair Mr, Reagan is sometimes maliciously said to be attempting to copy; or two batters, Jose Cardenal, who is a Cuban expatriate (Cubans like Mr. Reagan), and Hal McRae, who happens to wear number 11 (Mr. Reagan was born in 1911).

Finding omens from all walks of life is a minor art form in any election year, particularly when the race is close. It is, of course, not infallible. In 1976, the Financial Times Washington office went to great lengths to locate a ward (a subdivision of a constituency) which had never voted for the losing candidate. It was found in Fountain Hill, Pennsylvania. Naturally it went for President Ford.

The stock market, however, is the most frequent place in which adages are sought. The most popular one runs as follows. The Dow Jones industrial average always peaks either before or after election day. If it peaks before then, a Democrat wins. If after, a Republican.

The Dow hit its high for the year on September 22, and most market analysts now doubt it will exceed it for the balance of the year. This is possibly because of a second historical fact—that ever since Eisenhower, the market has always gone down in the first year of a Republican Administration. This rune also appears to be pointing, though more tentatively, in a Carter direction.

But Mr. Reagan need not despair. Another seer has been propounding the theory that whenever a Presidential candidate is taller and older and with a surname ending with the letter "N," he wins.

This theory has gained much credence recently. But it seems to forget that Nixon was shorter than McGovern, but won, and shorter than Kennedy, but lost. The only safe course is Las Vegas or Ladbrokes.

Trudeau grants concessions in reform package

BY JIM RUSK IN OHAWA

MR. Pierre Trudeau, Canada's prime minister, has agreed to modify his constitutional reform package to secure the support of the New Democratic Party by accepting two crucial amendments it has demanded.

In an exchange of letters between Mr. Trudeau and Mr. Edward Broadbent, the NDP leader, the Government agreed to grant Canadian provinces the *right to levy indirect taxes on* non-renewable resources and to share power over inter-provincial trade in non-renewable resources, although Ottawa would retain paramountcy in that field.

These concessions go to the heart of the argument between Mr. Trudeau and the majority of the provinces. They want to be sure to maintain control over such natural resources as oil, gas, minerals and fisheries.

The NDP, a Labour-style party, has been demanding these changes since Mr. Trudeau proposed his reforms just over two weeks ago. It will *support the package on the floor* of the House of Commons, from where it will be sent to committee for study. The agreement offers political benefits to both sides. Mr. Trudeau gains crucial support from western Canada as 26 of the NDP members are from the West, where Mr. Trudeau's *Liberals have only two seats.*

That means the reform package will have the support of some Federal members from every province in Canada, except Alberta, where the Progressive Conservatives hold all the seats.

The NDP will be able to argue that if delivered amendments of importance to the west, the region where it is strongest and where two of its provincial leaders—Mr. David Barrett in British Columbia, and Mr. Howard Pawley in Manitoba—are expected to make strong bids for power in those provinces' next elections.

The changes, the precise legal language of which will not be known for a few days, are similar to those which the NDP Government in Saskatchewan has been seeking, although the province's Premier, Mr. Allan Blakeney, has not yet made his position known. It is probable that he will now support the reforms, although the other western Premiers still plan to challenge the package in the courts.

The federal Conservatives under Mr. Joe Clark, the former Prime Minister, are standing firm in their opposition to the changes and more than 50 of their members remain on the list of speakers wishing to join the constitutional debate which has already run a wek longer than the Government hoped when it recalled Parliament in early October.

The Liberals are considering forcing an end to the debate as the Parliamentary timetable is getting clogged and a Budget is to be introduced on October 28. *However, it is not clear* whether the Liberals' newfound allies on constitutional reform would support ending the debate at this stage.

Mr. Trudeau hopes to get his reform package through Parliament by the end of the year. Westminster would then be asked to relinquish to Canada control over the British North America Act, which serves as the Canadian constitution, adding to it a Bill of Rights. Mr. Trudeau has received assurances in London that the British Parliament would act as requested, provided the *necessary resolutions* pass the Parliament in Ottawa.

Mr. Broadbent . . . likely to back constitutional proposals.

United Autoworkers pursues merger talks with rubber workers' union

BY IAN HARGREAVES IN NEW YORK

THE UNITED Autoworkers Union, one of the largest U.S. labour unions, is to explore the possibility of a merger with the United Rubber Workers Union. *Top-level talks about a possible* merger have already been planned, but the outlook for any link-up is complicated by the fact that the autoworkers are also considering a merger of equals with the International Association of Machinists and Aerospace Workers.

The intitiator of the URW-UAW *talks was the rubber* workers' union, which is suffering declining membership and therefore income through the reduced fortunes of the domestic U.S. tyre producers and the fact that several new tyre plants in the U.S., including those of Michelin of France, have successfully resisted unionisation.

The rubber workers' move was almost certainly prompted by the announcement in September that leaders of the UAW *and the machinists union had* started discussions about a combination which would create the largest union in the U.S., *with 2.3m members.*

The smaller URW, with 180,000 members, is banking on the fact that a merger of the autoworkers and machinists will, because of their size and widely differing structures, prove a long and difficult if not impossible task.

By contrast, the rubber wor*kers' structure is very similar* to that of the AUW and the two unions have suffered together from the problems of the Detroit motor industry in the past year. Since then, 300,000 autoworkers and 50,000 rubber workers have been put out of work.

The URW appears to have reached the conclusion that it needs the strength of the autoworkers to break the resistance of Michelin in the U.S.

Certainly for Michelin, which *is a large supplier to the motor* manufacturers, a join union would pose a significant threat to its ability to hold to its anti-union line as it pursues its rapid expansion in the U.S.

There is the added consideration that the UAW is a union committed to union representation on company boards—an objective already attained with Chrysler and well on the way to fruition at American Motors.

There are, however, a number of problems in the way of a rubber-auto workers' amalgamation. One of these is the fact that the URW is affiliated to the AFL-CIO, the U.S. federation of labour unions, whereas the UAW is not.

Although Mr. Douglas Fraser, the UAW's president, wants to take the union back into the AFL-CIO fold, this could not happen before 1982, when the union holds its next convention.

The machinists union, meanwhile, says it does not see a merger of the rubber and autoworkers as a problem in the pursuit of its negotiations with the UAW, raising the possibility that a three-way merger could be created.

Such an amalgamation would create an extremely powerful unit to the left of centre in the labour movement. Both Mr. Fraser and Mr. William Winpisinger, head of the machinists, were behind Senator Edward Kennedy's Presidential candidacy.

IMF mission prepares to visit Costa Rica

By Peter Montagnon

AN International Monetary Fund mission is to visit Costa Rica next month to discuss new IMF support for the country which could total 600 per cent of its SDR 41m (£22m) quota during the years 1981-1983.

The discussions follow agreement reached in March this year on a SDR 71.5m facility which has not been drawn on because Costa Rica was unable to meet Fund conditions regarding its budget deficit.

Tax legislation could not be passed quickly enough to reduce this deficit in accordance with its Letter of Intent to the Fund.

Now, however, Government officials say they have begun to make progress with the economic stability programme, opening the way to a revised agreement with the IMF.

Profile, Page 30

Soviets 'try to spy on Senate'

By Our Washington Staff

THE JUSTICE DEPARTMENT is investigating allegations that a former Central Intelligence Agency member took a $100,000 payment from the Russians to infiltrate, and pass on secrets from, the Senate Intelligence Committee.

The man at the centre of the investigation was apparently on the CIA staff from 1963 to 1970 and thereafter did occasional contract work for the U.S. agency. The Senate Intelligence Committee has confirmed that he applied for a job with the committee in 1977, but was "never considered."

Reports of Soviet attempts to *infiltrate* the U.S. Government are not infrequent, but it is the first time the Russians have apparently considered Congress, normally a leaky sieve for secrets, as a target.

Exxon advance

PROFITS at Exxon, the world's major oil producer, continued to advance in the third quarter of this year, albeit at a slower rate as world oil consumption has been reduced by the current recession.

Details of these and other major U.S. company results appear on Page 29.

Muskie outlines Madrid plans

BY DAVID BUCHAN IN WASHINGTON

THE U.S. will urge improvements in the areas of human rights, freer movement of people across East and West European borders and confidence-building measures to reduce military tension between the North Atlantic Treaty Organisation and the Warsaw Pact at next month's Madrid Conference on Security and Co-operation in Europe to review the Helsinki agreements.

Spelling out the U.S. approach, Mr. Edmund Muskie, the Secretary of State, told a Wisconsin audience this week that the U.S. *delegation*, to be led by Mr. Griffin Bell, the former attorney-general, would do its best, along with its Atlantic alliance partners, to stop the Soviet Union turning the conference into a propaganda forum.

The U.S., he said, was interested in concrete steps, and not talks "that go nowhere." The U.S. would raise questions about the treatment, and in some cases *imprisonment*, of groups in the Soviet Union and Eastern Europe set up to monitor their countries' compliance with the 1973 Helsinki accords.

The U.S. is also keen, U.S. officials say, to extend the confidence - building measures beyond the Helsinki provision which requires both the Atlantic Alliance and the Warsaw Pact to give each other notice of military exercises in which more than 25,000 troops are taking part. This, they say, has worked well, but is incom*plete in that it does not include* troop movements or amphibious military exercises.

GATT starts review of world textile accord

BY BRIJ KHINDARIA IN GENEVA

THE EEC's attempts to protect its textile and clothing makers against cheap imports are at the centre of a growing dispute here about the usefulness of international rules governing the world's textile trade.

A committee of the General Agreement on Tariffs and Trade (GATT)—the world's trade watchdog body—began talks yesterday to review the operation so far of the five-year multi-fibres arrangement (MFA) which expires at the end of next year.

The arrangement, first signed in 1973, was renewed in 1977 and lays down rules governing trade in textiles and clothes to ensure that developing country exports do not grow so fast as to run manufacturers from industrialised nations into the ground.

The first MFA guaranteed a 6 per cent annual growth rate in imports by industrialised countries of Third World goods. But the rise of Hong Kong, South Korea, Singapore, Brazil and India as major exporters caused a flood of cheap goods, particularly in EEC countries, causing much concern in long-established companies in Britain, France, Italy, Belgium and Holland.

The imports aggravated an upheaval in the industry caused by new technology and cost-cutting measures, resulting in 4,200 business closures and the loss of 700,000 jobs between 1973 and 1978, according to the EEC Commission.

The Community's Council of Ministers therefore refused to renew the MFA in 1977 without the addition of a clause which allowed "reasonable departures" from the guaranteed 6 per cent growth rate for short periods and in emergencies. Reluctantly, the developing countries accepted the clause on the understanding that it would be used only by the Community. The renewed MFA was signed by 42 countries.

In practice, Community imports from developing countries were kept to a yearly growth rate of 4 per cent after 1977, compared with nearly 25 per cent between 1973 and 1976.

The developing countries now argue that the current MFA has done more to slow the world's textile trade and their economic growth than to promote it.

They quote a pledge made in the MFA to "ensure the expansion of trade in textile products, particularly for developing countries." They claim breach of trust because the "reasonable departures" clause was also used by countries outside the Community, and fear that the U.S. too will use it.

The developing countries want the industrialised world to close down inefficient textile companies and allow unlimited growth of Third World manufacture, enabling rich country consumers to take advantage of cheap Third World labour.

But rising energy costs and the dollar's depreciation have converted the MFA into much more than a dispute between poor and rich countries.

The EEC Commission says that, while it was able to curb imports from the Third World through the MFA and from Eastern Europe and other countries through voluntary restraint agreements, it has not been able to stem a growing flood of American-made goods.

The first MFA was a departure from GATT provisions which forbid imposition of import growth rates and import curbs affecting only particular suppliers instead of all suppliers. The existing MFA allowed a further temporary departure from the first arrangement. Now the Community may be seeking to make that departure permanent.

British wool cloth exports begin to decline

BY RHYS DAVID

EXPORTS by Britain's wool textile industry are showing signs of slowing down appreciably after a relatively buoyant performance in the first half of 1980.

In August, exports were down 14 per cent on the same month last year at £27.7m. Total overseas sales for the first eight months of 1980, at £279.4m, are less than 1 per cent ahead of the same period last year—in effect a substantial reduction when inflation is taken into account.

The figures, from the Wool Industry Bureau of Statistics, suggest that the impact of higher sterling exchange rates is making itself strongly felt after some delay, though sales to the EEC are still holding up.

Total exports to Britain's EEC partners, at £83m, were up 15 per cent on 1979 while sales to the rest of the world, at £119m, were down 6 per cent.

Britain's biggest single market for cotton is now West Germany which bought 4.3m sq metres of woollen and worsted fabric in the eight months to August. Sales to Japan, the top customer last year, were down by a third, and there was a small drop too in sales to the U.S., the second biggest customer last year. All Britain's EEC partners have increased their purchases with the exception of France where total cloth sales are down so far this year from 2.4m sq metres to 1.97m.

Elsewhere, European linen producers are appealing for linen goods to be included in the next round of the GATT multi-fibre arrangement due to be negotiated next year. The producers claim that low-cost imports of linen from Eastern Europe—where much of the world's flax is grown—account for 20 per cent of the market in Western Europe.

Meanwhile, the possible impact of new micro-electronic technology on the clothing and footwear industries will be featured at an international conference due to be held in Britain next month.

The conference, which is being organised in Harrogate by the Clothing and Footwear Institute, the professional body for the two industries, will consist of four separate, overlapping events spread over a week—a clothing conference, an exhibition of machinery for the apparel industries, an engineering seminar and a footwear conference.

The organisers are expecting 500 delegates from around the world for the clothing conference and a further 5,000 are expected to attend the machinery exhibition, which is being organised jointly with the British Association of Clothing Machinery Manufacturers

Far East freight rates rise

By Our Shipping Correspondent

THE FAR EAST Freight Conference (FEFC), one of the biggest shipping conferences in the world, is to increase its freight rates by 8 per cent from the beginning of 1981. This is its first increase for nearly two years.

The FEFC estimates that its members' costs have risen by 16 per cent since the last increase in April, 1979. However, the conference is limiting its increase to single figures "in recognition of the problems faced by shippers and consignees alike resulting from the impact of the recession on the trade generally."

The FEFC has over 30 member lines and controls freight rates on the important trade routes between Europe and the Far East. Last year its members carried 15m tonnes of cargo and earned gross revenues of $3bn.

The increase will consist of a 3 per cent rise in the rate and an increase of $4 per freight ton. The FEFC has also made a number of other changes in its rate structure.

In the Eastbound trade it has been agreed between the conference and the European shippers' council to introduce a system of area differentials which will reflect inflation levels appertaining to the Eastbound trade for each loading area.

European component makers seek end to Taiwan counterfeiting

BY JOHN GRIFFITHS

WEST EUROPEAN motor component makers plan to send a deputation to Taiwan early next year in an attempt to persuade its Government to clamp down on factories exporting growing quantities of counterfeit, and in some cases dangerous, motor parts and accessories.

The poor quality parts, 95 per cent of them made in Taiwan, are being passed off as the products of reputable British and Continental makers. They may now be costing British manufacturers as much as £90-100m in lost sales world-wide, according to industry estimates.

Britain's growing concern at the problem was underlined last night in a speech by Mr. Alan Deakin, president of the Garage Equipment Association, in Birmingham.

He said that in addition to posing an increasing threat to vehicle safety, the counterfeited parts were undermining UK makers' reputations and profitability. In the longer term, jobs were at stake.

Counterfeiting has existed on a small scale for many years. In the past, the fake products have been fairly easy to spot, with mis-spelt trade names on the packaging and obvious inferior quality. Many have been made in small workshops on the Indian sub-continent, Hong Kong and Malaysia, and have not made much impact on the UK makers' sales in the Third World markets in which most fakes have been sold.

But those now originating from Taiwan are in a different category: they are expertly packaged, including fake stock coding and other small print. They are indistinguishable from the genuine proprietary parts—until actual testing shows up such lethal shortcomings as steering ball joints made from cast iron instead of steel and brake linings which work at best inadequately, at worst disintegrate, under test.

The fact that they are now turning up in increasing quantities in some unfranchised UK retail outlets has deepened concern and was responsible for Mr. Deakin's warning last night. In the meantime, the Society of Motor Manufacturers and Traders has warned its members that the sale of such items is likely to run them foul of the Trade Description and Road Traffic Acts.

Mitsubishi has N. Sea ambitions

TOKYO Mitsubishi Oil of Japan and Getty Oil of the U.S. have jointly ordered two gas-chemical refrigerator vessels from a Norwegian State-run shipyard.

The agreement, signed with the Nord offshore yard in Norway, was described by Mitsubishi as Japan's first step to access to North Sea oil resources.

It called for the Norwegian shipbuilder to construct two 1,500-ton carriers between July 1982 and June 1983 at a cost of Yen 8bn (£15.8m), Mitsubishi said.

The shipbuilding pact came as the Oslo Government said it is prepared to grant foreign countries and private companies offshore oil exploration rights in the North Sea in return for economic co-operation, a company official said.

The order should be welcomed by Norway's Government as a means of creating jobs in that country's lagging shipbuilding industry.

Mitsubishi and the Los Angeles-based oil company hope they will be granted drilling concessions in the next year.

Norway produces 600,000 barrels of offshore crude oil a day, of which 400,000 barrels are exported. By the end of the decade, it plans to boost output capacity to 1.8m barrels day.—AP-DJ.

Sugar talks end

TOKYO—Talks between Japan and Australia on the renewal of a long-term sugar supply contract ended yesterday with no agreement after only two days of discussions.

Negotiators said the talks were still at an explanatory stage with further discussions expected later this year.

Reuter

Japan motor output rises 41%

TOKYO—Japanese vehicle production, a cause of anxiety among West European and U.S. competitors, rose 41.2 per cent in September, largely because of increased exports, the Japan Automobile Manufacturers' Association said yesterday.

September production of 1,008,800 was the highest ever in that month and near the record 1.04m vehicles produced in July.

The association said September exports, to be officially announced later this month, were expected to have risen by about 30 per cent over September 1979.

Eugen Loderer, a West German union chief who has suggested import controls on Japanese car exports, will pay a five-day visit here starting on November 13 to discuss ways of avoiding a trade conflict, a spokesman for the Confederation of Japan automobile workers' union said today. Japanese car exports to West Germany rose 45.3 per cent to 154,000 in the first eight months of this year.

In New York Nissan Motor said it will announce the location for a $300m small lorry factory in the south-eastern U.S. on October 30. Nissan plans to build about 10,000 small trucks a month in the U.S. by 1983.

- Japanese machine tool manufacturers are concerned that trade conflicts between Japan and Western Europe over cars and colour televisions will spread to the machine tool industry following the sharp rise in Japanese exports, industry officials said.

Machine tool exports to Western Europe in the first eight months of this year rose 130.8 per cent to Y42.08bn (£82.8m) from the same period last year while total exports rose 38.7 per cent to Y170.25bn.

Agencies

Netherlands to consider export clearing agency

BY CHARLES BATCHELOR IN AMSTERDAM

THE Dutch Government is considering setting up a clearing house to improve contacts between exporting companies and government departments providing help with exports.

This would answer criticism that the number of official bodies involved confuse the potential exporter, said Mr. Gijs Van Aardenne, the Economics Minister, in a note to Parliament. The Netherlands' flagging export performance and the importance of foreign trade have prompted a thorough review of export promotion measures.

Mr. van Aardenne said he preferred the creation of a central "export window" to channel queries rather than a reorganisation of the departments involved. It would provide general information to exporters or refer them to one of the departments already dealing with export promotion. It would also monitor the progress of an inquiry.

The new export window would form part of the Department for Economic Information and Export Promotion which already co-ordinates much of the export promotion activity.

The minister's assessment coincides with the views of the Central Organ for Economic Relations which represents industry. This organisation also called for a co-ordination office to be set up rather than for an amalgamation of the departments involved.

The seriousness of the Netherlands' economic position calls for a continued effort to remove constraints on exporters, it said.

Canberra satellite plan

BY PATRICIA NEWBY IN CANBERRA

AUSTRALIA is to proceed with the purchase of a domestic communications satellite system to take radio, television and telephones to remote areas of the country.

Tenders for the supply of three satellites, associated earth control and earth communications stations were called yesterday in Australia and abroad.

British Aerospace was one of the companies which showed interest in the A$300m (£145m) project when it was mooted earlier this year.

The announcement that the project would go ahead was made on Tuesday by Mr. Wal Fife, the acting Minister for Post and Telecommunications. Mr. Tony Staley, the former Minister, resigned from Parliament before last Saturday's Federal election.

His permanent replacement is expected to be announced by Mr. Malcolm Fraser, the Prime Minister, later this week.

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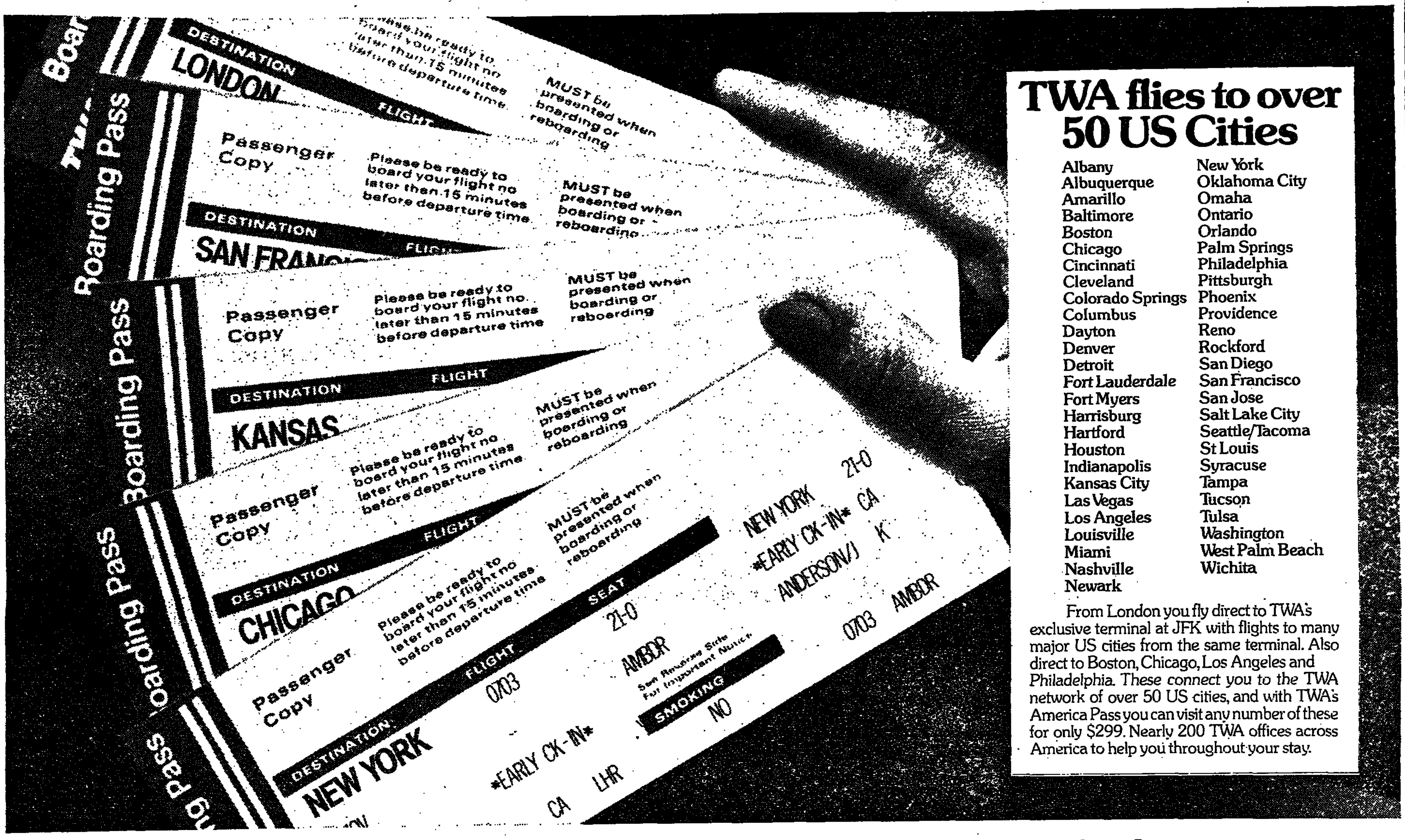

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'Needless' roads spending attacked

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

THE GOVERNMENT'S £3.5bn roads programme was criticised yesterday by union leaders and a public transport pressure group in evidence to a committee of MPs. It "failed to cater for the real needs of the community," they said.

The programme in the Government's Policy for Roads White Paper in June called for £391m to be spent on new roads and maintenance in this financial year.

The money would be spent on roads which "aid economic recovery and development," bring "environmental benefits" and "preserve the environment."

However, the Transport and General Workers Union in a paper by Mr. Moss Evans, its general secretary, to the House of Commons select committee on transport inquiring into the roads programme urged the Government to reconsider its proposals.

Mr. Evans said it appeared that the Government had first decided how much money was to be spent overall on roads. "Then this was justified by stating a priority list for road schemes tailored for this expenditure."

Transport 2000, the public transport group sponsored largely by British Rail, the rail unions and amenity groups, told the committee in evidence that "the need for a proposed road was never debated."

Mr. Nick Lester, its director and company secretary, said there was "no mechanism at central level" to enable people to make a choice between the wide range of options open to Government.

With the proposed extension of the M40 motorway from Oxford to Warwick, options which may have been cheaper and less environmentally damaging included a "series of by-passes" or greater use of rail.

Matters had been made worse by a House of Lords ruling earlier this year, Mr. Lester told the committee.

The Lords had ruled that local inquiries into plans for roads had to be confined to considering the route and the "local" need for a new road. The overall need for a road, and the policy for roads as a whole, "now goes largely by default."

Mr. Jack Ashwell, the national secretary for road transport in the TGWU's commercial group, called on the Government to build more trunk "A" roads rather than motorways.

Planned car tax changes 'burden to motor trade'

By John Griffiths

GOVERNMENT plans to change the vehicle excise licence system could cost a typical Motor Agents Association member more than £10,000 a year to tax sales stock.

Moves to change the system from a tax on use to a tax on possession represented unnecessary and substantial burdens on the motor trade, the association has told Mr. Norman Fowler, Transport Minister.

The association, which represents much of the motor industry's retail sector, says motor traders are being squeezed by interest rates of about 20 per cent to finance stock.

Their margins have also been hit by fierce price-cutting campaigns to maintain cash flow.

The association, in a letter this week to Sir Geoffrey Howe, the Chancellor, warned that unless interest rates are eased many of its members could be forced out of business.

Mr. Fowler has told the association he will do everything he can to meet its case. "It is no way part of the Government's intention . . . to place new obligations on the motor trade."

He is to meet Mr. Alan Dix, association director-general, to discuss the subject next week.

Nott move 'could hit cheap fares take-off'

Independent airlines see a reversal in aviation policy. Michael Donne reports

THE REJECTION this week by Mr. John Nott, Trade Secretary, of the bids by two big independent airlines for new cheap fare routes to the Continent, on the grounds that foreign government hostility prevents such routes from being won, is being widely interpreted by the independents as a reversal of civil aviation policy.

They are arguing, in effect, that the Minister has made it difficult, if not impossible, for any independent airline to apply in future for a new, cheap-fare route to the Continent, simply because the Government feels it is too difficult to win the necessary foreign Government approvals for such routes.

At the same time, the independent airlines are arguing that Mr. Nott's decision cuts the ground from underneath his own feet—that he can now hardly go to the European governments and ask for new routes, because he has already failed to uphold existing bids from his own airlines.

The airlines believe that if he had approved the recent appeals, his officials would have had a strong case for claiming that new routes at cheaper fares was official UK Government policy.

Now, the officials have virtually no basis at all on which to build their case overseas.

Foreign airlines can argue that if the UK Government is not prepared to support its own airlines, then it cannot really be serious in its battle for greater liberalisation of the European civil aviation regulatory structure.

Some time ago both British Caledonian and Laker Airways asked the Civil Aviation Authority for extensive new route networks.

British Caledonian asked for 22 routes from Gatwick to the Continent at low fares.

The airline was given rights to Helsinki, Cologne-Bonn, Stuttgart, Hamburg and Hanover and Vienna. The Authority rejected 12 routes, to Geneva, Frankfurt, Dusseldorf, Milan, Turin, Lisbon, Rome, Zurich, Barcelona, Marseilles, Madrid and Athens. Mr. Nott vetoed routes to Stockholm, Gothenburg, Copenhagen and Oslo.

But British Caledonian has reapplied for many of these routes. The airline also appealed to the Minister on five routes—Geneva, Lisbon, Rome, Milan and Turin. It is this appeal which has just been rejected.

British Caledonian has outstanding six routes on which it has rights from the UK Government but which it cannot operate because of Continental objections; another 11 routes on which its renewed applications are outstanding; and five on which the appeals have now been rejected.

To cap it all, the airline has three routes that it currently flies, but on which it cannot apply cheap fares — Paris, Amsterdam and Brussels — again because of foreign hostility.

Laker Airways' case was rather different. It applied for rights from Gatwick to 36 separate cities on the Continent, including some in the British Caledonian list, but also involving Malaga, Palma, Las Palmas, Ibiza, Tenerife, Corfu, Rhodes, Heraklion, Dublin, Paris, Nice, Brussels, Amsterdam, Stockholm, Naples, Munich and Berlin.

It also applied for rights "among and between" the overseas destinations, which effectively would have resulted in Laker getting a massive network of routes on the Continent itself.

The chances of Laker getting that kind of approval were always regarded as minimal. The UK Government does not have the legal power to grant rights between foreign cities. Those rights are solely the prerogative of the Governments concerned.

But Laker did expect to be given at least some of the 36 direct routes it sought from Gatwick to the Continent. In the event, it has got nothing.

The shock to the independent airlines stems from the fact that in recent months they have been led by Ministerial statements, especially by Mr. Nott, to believe that a new climate of vigorous free enterprise was being encouraged by the Government, in which the efforts by the independents to fight for new cheap-fare air services overseas would be strongly supported.

In the event, this hope has been turned to ashes, and they are now left wondering what the Government wants them to do.

For Mr. Nott, it has to be admitted that he in a difficult situation. He wants to ensure new cheap fare services to the Continent, but he cannot fight against the intransigence of European Governments and airlines.

He says, rightly, that the UK cannot act unilaterally, and that unless the UK can persuade the Continental governments to introduce cheaper fares, and new routes, there is no way of forcing them to do so. British Airways has made substantial progress in this direction, but it has been slow and painful progress, involving many months of tedious negotiation.

The big question facing the independents is what happens next. British Caledonian feels that Mr. Nott "should go into Europe and fight" for foreign government approvals not only on those routes on which it already has licences, but also on the other routes it has re-sought.

It will continue to press for this, but it does not hold out much hope of success

Laker's action is likely to be much tougher. Sir Freddie Laker has said he will take the matter to the European Court.

Glyn Genin

Sir Freddie Laker inspects a Skytrain flight deck.

Britannia presses ahead with cheap flight plans

BY OUR AEROSPACE CORRESPONDENT

BRITANNIA AIRWAYS, whose own bid for cheap scheduled tickets on charter flights to the Continent was rejected by the UK Civil Aviation Authority earlier this year, remains confident that cheap fares plans will eventually be accepted by European Governments.

Mr. Brian Christian, commercial director of Britannia, said yesterday that the European Civil Aviation Conference was considering plans for more cheap scheduled seats

Britannia has proposed a flexible low-fare structure, offering one-way and return seats on its charter flights from airports throughout the UK to European holiday destinations.

The plan is for "seat-only" travel, with no advance booking, a choice of single or return journey, no limits on length of stay, and the right to fly to one airport and return from another.

Proposed fares include: £65 return, Gatwick to Palma; £67 return, Manchester to Venice; and £83 return, Glasgow to Lisbon.

GLC committee approves bridge plan

BY JAMES McDONALD

A £3M plan to build a road bridge across the Paddington-to-Reading railway line in West London has been approved by the Greater London Council's north area planning committee.

A start on construction will depend on availability of finance, says the GLC.

The bridge, and its associated new road connections, will cross the line slightly west of the existing Bournes Bridge in Hayes. It will link with Westlands roundabout in the south and an improved Dawley Road-Blyth Road junction in the north.

Bournes Bridge, which carries the A347—a main access road for the industrial areas of Hayes and also a feeder road for the M4 motorway—is more than 100 years old.

The GLC committee regards it as a major bottleneck and potential safety hazard because of its narrow width, the poor alignment of its approach roads and restricted sight lines for drivers.

Bournes Bridge will not be demolished.

BA domestic prices frozen

BY OUR AEROSPACE CORRESPONDENT

BRITISH AIRWAYS is freezing all its domestic air fares until at least March 31.

Up to 4.5m passengers fly each year on the airline's internal routes. Of these, at least 2m use the Shuttle flights between Heathrow and Northern Ireland and Scottish destinations.

The freeze is partly at the expense of cuts in passenger amenities. The airline says the £750,000 annual subsidy on catering, involving free tea and coffee in Shuttle lounges at Heathrow, Glasgow, Edinburgh and Belfast is to end.

Mr. Jim Harris, the airline's UK and Ireland controller, says BA paid its catering contractors up to 40p for tea, coffee and biscuits for every passenger.

"Experience has shown that only 50 per cent of our Shuttle passengers actually used this service. We would prefer to spread the benefit equally across all our customers.

"Removing this subsidy has helped us shelve plans for the normal winter fares increase. Nevertheless, we have asked the caterers to remain in the Shuttle lounges and provide refreshments at prices similar to those charged elsewhere on the airports," he said.

● British Airways is to introduce a lottery on its Shuttle flights, aimed at stimulating business.

Every passenger in either direction on the Shuttles to Scotland and Northern Ireland will receive a card. By scratching off a special coating to reveal the winning words, a ticket holder can win prizes ranging from a pen to a Metro.

Police powers proposal 'misleading'

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A GOVERNMENT Green Paper on public order has been criticised by a group of lawyers as "tawdry and misleading."

The Haldane Society of Socialist Lawyers says the Green Paper—which suggests that the law needs amending to give the police greater power to interfere with marches and public meetings —"argues from false premises using highly selective data.

"The right to demonstrate is an essential part of the public interest in a democracy," the society says. The present test of "serious public disorder" gives the police too much discretion to ban marches, it warns.

As the only major public order problems from demonstrations come from racist organisations like the National Front, the correct test of whether a ban should be imposed is whether a march is likely to stir up racial hatred, say the Haldane lawyers.

Tooling Investments output to rise

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

TOOLING Investments plans a 25 per cent increase in output at the Edgwick plant it recently bought from Alfred Herbert.

The company, which will trade under the Alfred Herbert name for the businesses it took over from the machine tools group, forecasts a £24m turnover next year on its combined operations.

Outlining his plans for the company yesterday, Mr. Ron Lynch, chairman, said it would sell the rebuilding and spares facility at the plant in Red Lane, Coventry, and transfer the business to Edgwick. The sale is expected to raise £1.5m. It will also sell 360,000 sq ft at Edgwick which will not be needed.

Tooling Investments, a private company, has concentrated on rebuilding machine tools since its formation in 1974. It has bought up factory space and equipment in several deals, the largest being the Red Lane acquisition this year. This will increase the company's turnover from about £4m to £8m.

Sales of £16m are predicted for the Edgwick venture next year. The company's entry into the manufacture of machine tools will concentrate on the Alfred Herbert range of advanced technology machines and specialist lathes for the oil industry.

It expects to spend £1m annually over the next three years on development work, and will launch its first new product next spring.

Tooling Investments will have the benefit of substantial tax losses on past trading at Alfred Herbert, which means if the operation is profitable it will not have to pay tax for many years.

In addition to manufacturing, it will retain the factoring side of Alfred Herbert's business, and is considering buying four of AH's overseas sales companies.

Tooling Investments employs 520 at Edgwick and expects the workforce to grow in the next 18-24 months. It has not revealed the price paid to the Alfred Herbert group, which was formally put into liquidation last week at a meeting of shareholders.

The loss to the State in the five years when Alfred Herbert was in public ownership was put last week at £56m.

Heath defends British EEC role

BY RICHARD EVANS, LOBBY EDITOR

THE UK's role in the European Community was strongly defended by Mr. Edward Heath last night against attempts by the Labour Party and some Labour leaders to seek withdrawal.

The former Prime Minister told East Lancashire industrialists that the opponents of membership had tried to deceive the British people, but withdrawal would in reality mean economic disaster.

He called on the Conservative Party to work harder than ever for a strong British role in Europe. "Never before has membership of the Community been so vital."

Yet at the very moment when the need for European unity was greater than ever, the Labour Party had voted to leave the Community, he said. Two candidates for the Labour leadership were committed to withdrawal at the first opportunity and the other two were at best half-hearted in their attitude to the Community.

Mr. Heath claimed Labour's arguments against the Community were "a cynical perversion of the truth." They blamed Europe for Britain's poor export performance and for the huge rise in unemployment over which Labour Ministers presided. But the facts showed the EEC could not be the cause of Britain's economic malaise.

"The facts demolish the anti-EEC arguments which Mr. Peter Shore and Mr. John Silkin are using in their bid for the leadership of the Labour Party. Do they, and the majority of the Labour Party which voted to leave the EEC, realise what disaster withdrawal would bring to the jobs and livelihoods of ordinary working men?" he asked.

They wanted withdrawal, he said, because they knew how difficult it would be to foist their brand of Left-wing socialism on Britain if it remained part of a Community based on the principles of free enterprise and the market economy.

Financial Times writers on questions raised by the impending sale or closure of Times Newspapers

Maxwell emerges as early bidder for Times papers

BY JOHN MOORE

ONLY ONE possible buyer for The Times, The Sunday Times and other publications declared his interest yesterday — the publisher Mr. Robert Maxwell, who heads the privately-owned Pergamon Press Group.

Mr. Maxwell will be bidding for either The Times or The Sunday Times or both. If the takeover goes ahead the newspapers will be run either as commercial enterprises or as a combination of a workers' co-operative and private enterprise.

Mr. Maxwell was once the former chief executive and financial backer of the ill-fated Scottish Daily News workers' co-operative which collapsed in November 1976.

He also expressed interest in bidding to save the London Evening Standard when it was passing through its financial crisis more than three years ago.

Other likely buyers were "not interested." Lonrho, the international trading conglomerate whose chief executive is Mr. Tiny Rowland, said: "No interest will be expressed and that should not be surprising. They are loss-makers." Lonrho said it was not considering taking over part of Times Newspapers, such as the supplements.

Lonrho is still considering whether to start a new London evening paper following the announced closure of the London Evening News. Lonrho, and the Board of George Outram, a Lonrho subsidiary, are still considering the matter.

George Outram publishes the Glasgow Herald and Glasgow's Evening Times. If Lonrho were to go ahead with its plans for a new evening paper it would be aimed at an inner-London readership.


THE Universal DAILY Register


THE TIMES

Unemployment increase highest since the war

Mr Benn stakes his claim after Healey onslaught

Fiction prize for William Golding

Vacancies drop to 28-year low

Mr. Michael Hare, chairman of Pearson Longman, which publishes the Financial Times, said yesterday: "It is unlikely that we will be expressing any interest. But it would be a great loss." The group would not be making an approach because of "financial considerations."

Mr. Rupert Murdoch, chairman of News International which publishes the Sun and the News of the World, said it was "not likely" that his group would be showing an interest.

"We've got our hands pretty full. I doubt whether there will be any buyers." From the industrial point of view Times Newspapers was "a snake pit."

Mr. Brian Nicholson, joint managing director of The Observer, said yesterday: "We have seen the announcement and we are astonished. I don't think we can make an offer if Times Newspapers is making £15m of losses. We are not exactly making a mint of money ourselves."

The Observer's parent company is Atlantic Richfield (ARCO), the U.S. oil and minerals group. Asked whether there was any possibility that the group might take the same course of action as the Thomson group Mr. Nicholson said: "ARCO and ourselves are closely in bed together. The relationship is very close. We are interested in what is going on at The Times but we are not on the acquisition trail."

Sir James Goldsmith, whose company Cavenham Communications publishes Now! magazine, was understood to be in Paris yesterday and was not available for comment.

Last night Lord Matthews, who heads Express Newspapers, publisher of the Daily Star, Daily Express, and the Sunday Express, had yet to declare his group's intentions.

Thomson backs Board decision

LORD THOMSON, chairman of International Thomson Organisation and TBH stated:

"This decision has been reached with great regret and it has the full support of myself and of the members of the Boards of International Thomson Organisation and Thomson British Holdings. I very much hope that it will be possible to make arrangements whereby the publication of the titles can be continued under new ownership from March 1981.

Co-operation

My father and I have repeatedly made it clear that our continued support for Times Newspapers was conditional on the overall co-operation of the newspapers' employees and I have sadly concluded that this co-operation will not be forthcoming under our ownership.

It grieves me greatly that in spite of the millions of pounds which have been provided to Times Newspapers over the years to enable these newspapers to survive and in spite of the efforts of many loyal employees who have built the papers to their present eminence and to whom I express my deep gratitude, we have been unable to secure the co-operation of important sections of the workforce on a reliable and consistent basis.

New relationship

I believe that a change of ownership could provide Times Newspapers with the opportunity to create a new and constructive relationship with its staff. With their co-operation and goodwill Times Newspapers with its superb titles could be a viable and profitable business with excellent prospects for the future."

Gap predicted in media market

BY MICHAEL THOMPSON-NOEL

THE ADVERTISING industry believes that the combined loss of the Times Newspapers titles would punch a sizeable hole in the UK media market, but that buyers will emerge. It is also felt that if the print unions could be persuaded to bury the hatchet, Times Newspapers would enjoy not so much a relaunch as a renaissance.

But media specialists draw a sharp distinction between the potential and viability of The Times, which some say is barely treading water, and the Sunday Times and its lucrative colour magazine, which they describe as potentially two of the strongest print titles in Britain.

Since their return to publication last December, the fortunes of The Times and its sister publication have diverged sharply.

Current circulation of The Times is approximately 280,000, and apparently falling. In the six-month period before it ceased publication in November, 1978, it was 292,714.

In terms of quality daily circulations, The Times' market share this September was 12.1 per cent, against 63.1 per cent for the Daily Telegraph, 16.4 per cent for The Guardian, and 8.4 per cent for the Financial Times.

The Sunday Times is in far more robust condition. Its current circulation is 1.42m, virtually the same as before its 11-month absence. Its market share of circulation of quality Sundays this September was 42.4 per cent, against 30.1 per cent for the Sunday Telegraph and 27.5 per cent for The Observer.

In terms of advertising revenue, and in contrast to The Times, the Sunday Times is prospering.

Despite the recession, its columns are laden, so that over the first seven months of 1980, the Sunday Times plus magazine was easily the biggest advertising vehicle among the quality Press.

According to figures from Media Expenditure Analysis, which monitors only gross display revenue and does not allow for discounts, advertising expenditure in the Sunday Times plus magazine during the period January to July, 1980, totalled £21.6m—£13.2m in the magazine alone.

The Times, on the other hand, attracted only £7.3m in gross display revenue (January to July)—and that at the official rate-card.

Mr. Roy Langridge, media director at J. Walter Thompson, Britain's biggest advertising agency, said: "The Times hold an emotional attraction for the reader, but not for advertisers.

It is useful for up-market colour products (cars, expensive drink and airlines) and chairmen like it for its corporate weight, though during its 11-month absence they discovered better ways to spend their money.

"Replacement of the Sunday Times would be infinitely more difficult. It plays a significant role in all the obvious categories but is also crucial for direct response."

According to calculations by Mr. Michael Townsin, media director at Young & Rubicam, estimated cover price income for The Times and Sunday Times is currently £25m. To that he adds £58m for gross projected advertising income.

Move 'was commercial mistake'

BY MICHAEL CASSELL

WHEN, after 189 years publishing on the same site, The Times left its Blackfriars home in 1974 for new premises alongside The Sunday Times in Gray's Inn Road, the move was heralded as a milestone in the newspaper's history. In retrospect, the management may prefer to regard it as a milestone.

After the recent journalists' strike Mr. William Rees-Mogg, editor of The Times, catalogued the newspaper's failures in a controversial leading article which left no doubt that the newspaper's property activities had fared no better than its publishing operations.

The move from Blackfriars had, he admitted, been a "painful" affair and "pretty certainly a commercial mistake as well."

The new home meant that, for the first time, the whole of Times Newspapers was housed in one complex and The Times found itself with modern production facilities which contrasted sharply with those it had left behind. But, in the words of Mr. Rees-Mogg, "it landed The Times with costs we cannot afford."

The previous headquarters of The Times in Old Printing House Square provided a little over 100,000 sq ft of net floor space and adjoined the offices of The Observer. When The Times decided to move to premises more suitable for a modern publishing house, The Observer took up an option to buy the property left behind.

It did this with the aid of a £5.25m mortgage from Lazard Brothers, the banking arm of S. Pearson and Son which held a one-fifth interest—at a cost of £800,000 — in the building's freehold.

Lazards intended to move its own head office into The Times building but, before the newspaper had left, the merchant bank instead took a lease in a new City development.

All efforts to let the building subsequently failed until, in 1977, Lazards found a buyer rather than a tenant. The bank bought out The Observer's interest in the property for a substantial sum above the original mortgage figure and sold it for £7.25m to Continental Illinois National Bank and Trust of Chicago.

A major refurbishment programme was carried out and the capital value is now many times greater than the sum paid to The Times.

The Times, is now in a building which it does not own but on which it has a long lease. But Times Newspapers owns the freehold of The Sunday Times building, which may have a market value in excess of £20m.

Brunton blames troubled industrial history

MR. GORDON BRUNTON, managing director and chief executive of Thomson British Holdings Limited, made the following statement yesterday:

"Thomson British Holdings Limited (TBH) announce today their intention of withdrawing from the publication of The Times, The Sunday Times and their associated publications. It is with the greatest reluctance that the Board has been forced to the conclusion that despite strenuous efforts of management at all levels and the expenditure of massive sums of money the existence and development of the titles will have the opportunity of a more secure future in other ownership. This decision has the endorsement of the Board of International Thomson Organisation Limited.

The major reason behind this decision is the continuing troubled history of industrial relations which goes back over many years. This includes the 11-month suspension of publication in 1978-79 in the attempt to introduce disputes procedures, guarantees of continuous production, a new wage structure, more realistic manning levels and the introduction of new technology.

By November, 1979, sufficient progress in negotiation had been achieved to permit resumption of publication. Since resumption circulations have been sound and within the context of a general economic recession advertising has stood up well.

Regrettably, however, many of the agreements reached have not been implemented by some of the unions concerned: the newspapers have continued to be subjected to industrial disruption and various forms of non-co-operation from sections of the workforce and it has not been possible to operate the new technology even on the most limited basis.

This has occurred against the background of a very serious financial position which has been fully communicated to the employees at all levels in the company.

In the current year Times Newspapers Limited is expected to incur a pre-tax loss of some £15m and to borrow from TBH £22m. Since the formation of Times Newspapers in 1967 more than £70m has been advanced from Thomson sources and used for investment, working capital and losses incurred. It is within this financial context and with the continuing disruption that the Board of TBH has concluded, in the interests not only of shareholders but also of the Group's employees, that if the present situation is allowed to continue it will threaten the development of and the future security of the Organisation as a whole.

In evaluating any proposals for a change of ownership, the Board will ask the national directors of Times Newspapers Holdings Limited, the editor-in-chief and the editors of The Times and The Sunday Times to advise on a set of criteria against which they will be measured. These will include the interests of employees, readers and advertisers, the national interest as well as commercial and financial criteria.

The Board of Times Newspapers Holdings, including the national directors, the editor-in-chief and the two editors, will be directly involved in the assessment of any proposals made concerning the future of the titles as editorially independent newspapers of high quality.

If it is not possible to achieve continuation of any or all of the titles under new ownership by March 1981 the TBH Board has concluded that it can no longer justify sustaining the financial losses of the past years and publication will cease.

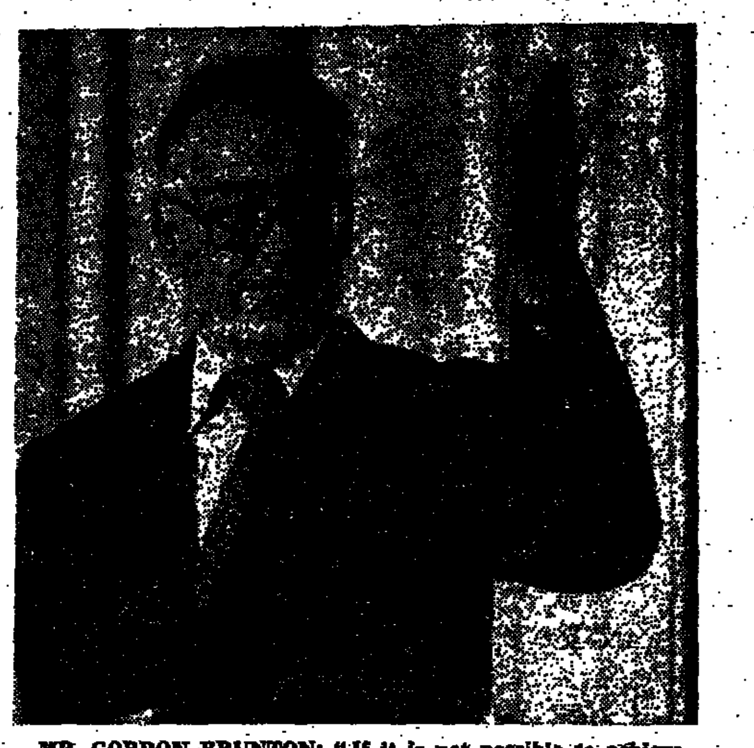
TBH will provide Times Newspapers with sufficient funds to sustain the current level of trading losses until then and to enable it to meet its obligations to suppliers and staff on an orderly transfer or closure of the businesses.

If it seems unlikely that a sale can be achieved by March 1981, it may be necessary to issue notices of dismissal to all employees of Times Newspapers in the near future, but the TBH Board has decided to fund the operations of the papers until next March unless disruption makes efficient and continuous publication and distribution of the titles impossible.

The Departments of Trade and Employment have been informed of the decision and consultations with the staff and trade unions have begun.

Whilst it may be preferable for Times Newspapers to be kept together as an entity, it is possible that interest will be shown in individual titles or parts of the company. Any such proposals would be carefully examined. Whereas interest was shown in acquiring the company or its titles during the suspension last year, none of these approaches was pursued.

The reasons why TBH has publicly stated its intentions are the desirability of giving all parties full opportunity to express their views and to ensure that all those concerned with the future of the company and its titles are able to express their interest. We believe that it is very much in the public interest that matters affecting the future of great national newspapers should be conducted in an open and responsible way."


MR. GORDON BRUNTON: "If it is not possible to achieve continuation of any or all of the titles under new ownership by March 1981, the TBH board has concluded that it can no longer justify sustaining the financial losses of the past years and publication will cease."

'EEC competitors pay less for fuel'

BY SUE CAMERON

EEC figures show British industry is paying at least £7 a tonne more for fuel oil than almost all its Continental competitors.

The figures are expected to be used as evidence by the Confederation of British Industry next month when it calls on the Government to change UK energy pricing.

The CBI may also argue that UK manufacturers will continue to pay more for gas than their Continental rivals—in spite of Holland's plans to increase its export gas prices by at least 15 per cent over the next 12 months.

Some UK energy experts believe the gap between British and Continental industrial gas prices is widening

An EEC bulletin giving average fuel oil prices throughout the Common Market on October 13 this year shows UK companies are paying more than any of their competitors except those in Belgium and the Irish Republic.

The bulletin indicates that the average UK fuel oil price was £86 a tonne, excluding duty and taxes. In Italy it was £74 a tonne while the price in Denmark was £79, in West Germany £75, in France £78 and in the Netherlands £78. The Belgian price was £90 a tonne and the Irish price £89.

British industrial energy experts yesterday stressed that UK duey on fuel oil—which has to be added to the above figure—is among the highest in the world. Duty is £8 a tonne in Britain compared to £1.48 in Belgium, 8p in France, £3.55 in Germany, 5p in Italy and £3.27 in the Netherlands.

A representative of one energy-intensive sector of British industry last night said UK industrial oil consumers were "much more in the hands of the distributors" than their Continental competitors.

He added that fuel oil buyers in Britain usually received a lower discount than those in other European countries. One possible reason was that such countries as Germany and the Netherlands were physically closer to the Rotterdam spot market than Britain.

He also said large industrial users of gas in Holland appeared to be paying about 19.5p a therm, including a distributors' margin of about 3p a therm. The 15 per cent price rise planned by the Dutch would raise this to about 24p a therm.

The Dutch industrial gas price could even approach 26p a therm if related oil prices increased further

But he claimed there were now indications that British manufacturers were being asked to pay 29p a therm for their gas when they tried to renew their firm supply contracts. These contracts often included price rise clauses at three- or six-monthly intervals.

By the time the Dutch were paying 26p a therm for their industrial gas, many UK companies would therefore be paying 31p or 32p a therm.

Tour prizes in essay contest

BARCLAYS BANK will offer a two-week sightseeing tour of Europe to the winners of its 1981 European Tour Essay Competition, which is open to sixth form students taking "A" level or equivalent examinations.

£1 Awaydays

BRITISH RAIL'S month of Awayadays for the 1.1m holders of senior citizen railcards starts on Novermer 3. Cardholders can make as many Awayday trips as they wish after 9.30 am from Mondays to Thursday for a flat rate of £1.

ICI agrees to revise soda ash sales terms

By David Churchill, Consumer Affairs Correspondent

ICI HAS agreed to revise its terms of contract for soda ash sales as a result of pressure from the Office of Fair Trading.

ICI is the sole UK producer of soda ash which is used in the chemical, soap, detergent, and glass industries.

The Office was concerned that ICI's soda ash contracts could be anti-competitive and was considering taking action under the Competition Act, which became law earlier this year.

The ICI contracts were for an indefinite period and stipulated that a buyer must purchase his total requirements from ICI and give two years notice of termination. These terms were considered too restrictive and likely to inhibit competition.

Mr. Gordon Borrie, director-general of fair trading, said yesterday that ICI would now be renegotiating its soda ash contracts with all its customers. It would offer them a choice from a range of new contract options.

"In my view this represents a significant improvement and I therefore do not propose to make use of my powers under the Competition Act to initiate a formal investigation," he said.

Under the new terms ICI customers will, in addition to spot buying, be able to opt for short-term contracts for a fixed tonnage.

Running contracts, on a tonnage or shorter termination basis, will be offered with a choice of a price variation clause or a competition clause.

The price clause allows a buyer to terminate the contract within a set period following a price increase. The competition clause enables the customer to switch to an alternative supplier.

Special laws to plug tax loopholes rejected

BY TIM DICKSON

THE Inland Revenue has rejected a Parliamentary Committee's suggestion that special legislation should be introduced to close tax loopholes.

"In the great majority of cases where a new tax loophole is discovered, a satisfactory legislative remedy can be devised," the Treasury and the Board of Inland Revenue say.

Their view is contained in a minute on the reports from last year's session of the Committee of Public Accounts.

The committee identified three specific areas where tax had been lost: partnerships; earnings from offshore employment and woodlands managed on a commercial basis.

The committee recommended that the Inland Revenue should identify any further unintended loopholes and should calculate the tax yield that could be obtained by closing them. The committee said "alternative legislative arrangements should be considered for facilitating the enactment of these measures."

The Revenue's reply distinguishes between substantial and less substantial losses of tax. "Where the potential loss of tax justifies the course, an advance announcement of the intention to legislate may be made; the legislation, when introduced, is then made effective from that date.

"In cases of this kind, to follow the course of action proposed by the committee would be unlikely to shorten the time before a legislative remedy could be introduced and may well lengthen it."

Where tax loss is less substantial, says the Treasury and the Inland Revenue, the effective date of introducing amending legislation is normally the start of the tax year in which it is enacted.

Sometimes legislation is not brought in because there is little loss of tax. In those circumstances "there would be serious objections to adopting the course suggested by the committee, since publication of information about the loophole could lead to its wider use."

Taxmen evidence invited

FINANCIAL TIMES REPORTER

THE public was invited yesterday to submit written evidence to the Government's committee investigating the powers of the Inland Revenue and the Customs and Excise.

The committee, whose full title is the Committee on Enforcement Powers of the Inland Revenue and Customs and Excise, will be chaired by Lord Keith of Kinkel, a Lord of Appeal.

The committee's investigations will include: The Inland Revenue's and Customs and Excise's powers to investigate the accuracy of returns including powers to call for information and documents; powers of entry and search of premises and persons; powers relating to cases of fraud, wilful default or neglect and to cases of reckless action. But the processes of collecting outstanding tax and interest charges on it will be excluded.

Evidence should be sent to the secretary of the committee, Room 400, GKN House, 22 Kingsway, London WC2B 6LE by January 31. A memorandum of guidance for potential witnesses is available from the secretary.

Painting by Munch sets auction record

ONE OF the last oils painted by the Norwegian artist Edvard Munch sold at Christie's in New York on Tuesday night for £1,142,837, an auction record for Munch. Girls on a Bridge was completed around 1902 and was one of three paintings sold by a private collector. Femme à la Guitare by Picasso made £816,326 but the third, a Matisse, Lorette VII, was bought in at £576,250.

All told, the sale of Impressionist pictures totalled £6,501,740 with only 14 per cent unsold. Among other high

SALEROOM

BY ANTONY THORNCROFT

prices were the £428,571 for Monet's Nympheas, Paysage d'Eau; £387,755 for Deluge II by Kandinsky, an auction record; and the £183,673 which secured Le Marche de Bestiaux by Chagall. This was a record for any painting by a living artist.

Meanwhile in London, Christie's sold a Russian order of St. Andrew for £8,000 and Schubert's autographed manuscript of Trinklied for £4,500

Sotheby's sale of topographical paintings totalled £285,505, with a very low 5 per cent bought in. A U.S. private buyer paid £48,000, plus the 11.5 per cent buyer's premium and VAT, for Dawn in the Rockies by Albert Bierstadt, which had been very modestly estimated at around £5,000.

A London dealer acquired a scene of Indians resting by the Canadian artist Cornelius Krieghoff for £28,000 while a view of Santiago in Chile painted in 1861 by Ernst Charton realised £26,000.

Sotheby's Belgravia held its first sale devoted exclusively to the Aesthetic Movement

London and County trial told of account

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THREE businessmen were accused at the Old Bailey yesterday of falsifying a bank account for the benefit of Mr. Gerald Caplan, chairman of the London and County Securities group which collapsed in 1973, and "those whom he chose to favour."

Mr. Trevor Pepperell, Mr. Brian McMenemy and Mr. Norman Noye, all former directors of London and County (A&D), the group's banking arm, face between them 11 charges of false accounting, forgery, theft and publishing a false statement. Not all face the same charges; all have pleaded not guilty.

Mr. Caplan is fighting extradition proceedings in the U.S. Mr. David Smout QC, prosecuting, said that although Mr. Caplan was not on trial, the guilt or innocence of the three accused had to be determined against the background of their association with him.

At the centre of the case was an account with A&D in the name of "J. Cartwright." The name was bogus, said Mr. Smout, as was an address for the account in the company's records.

"It is a façade invented to conceal the nature of the payments that were made," counsel said.

Over a 5½-year period cash payments were made from the account, which at one stage was £125,000 overdrawn. Included were payments to Mr. Caplan, his parents-in-law and Mr. Pepperell's builder.

The clue to the matter was to be found in "a tatty little book" kept in the drawer of a junior member of the company's staff, said Mr. Smout. It contained a record of the account.

Mr. Smout said it was alleged that one or more of the defendants had been involved with Mr. Caplan in falsifying accounts and associated documents. The intention had been to mislead the auditors and, in Mr. Pepperell's case, for personal gain.

Mr. Pepperell—"a man of considerable financial ingenuity and acumen"—benefited from one of the false accounts to the extent of £45,000, said Mr. Smout. Mr. McMenemy's and Mr. Noye's reward had been the retention of their high offices in the company.

The hearing continues today.

Rank Xerox plans shops

BY GUY DE JONQUIERES

RANK XEROX plans a network of retail shops in Britain to sell its copiers and other office products directly to the public.

Its first shop will be in Piccadilly, London, next month. A second will open soon afterwards in Holborn, to be followed by others in big provincial cities.

The shops will offer a full range of Rank Xerox equipment, including inexpensive microcomputers, word processors, desk-top copiers, calculators and answering machines.

This year Xerox, the American company which is the majority shareholder in Rank Xerox, opened a retail network in the U.S. It consists of seven shops in Dallas, Texas, Denver, Colorado, and Hartford, Connecticut.

Rank Xerox hopes its network will bring its products to the attention of more customers and cut its marketing and distribution overheads.

Ambulance men 'ready for winter pay battle'

By Pauline Clark, Labour Staff

WATER WORKERS and ambulance men were said yesterday to be preparing for a fight against Government pay policy.

Unions representing Britain's 17,000 ambulance men said pressure was mounting for a major increase in pay because of a widening gap in earnings compared with firemen and police.

At the same time, the National Union of Public Employees warned of "trouble" if the Government tries to impose a single figure settlement on the 33,000 manual workers in the water and sewage industry.

Mr. Ron Keating, National officer, who joins other union negotiators today in formally submitting a 30 per cent pay claim, said branch meetings of water workers around the country indicated that they regarded themselves as key workers.

"We are very likely to see trouble this winter unless the Government shows flexibility," he said.

NUPE and the Confederation of Health Service Employees said they were drawing up a claim for a "substantial" increase in ambulancemen's pay and would press strongly for earnings to be linked to pay in the other main emergency services.

The claim, to be submitted next month, will argue that ambulance men's earnings have been seriously eroded by cutbacks in the National Health Service which have reduced overtime.

Basic pay was raised last January to £76.60 a week, and the minimum wage to £64 a week.

This year's proposed claim demands an increase in basic pay to maintain the purchasing power of last year's settlement of between 12.8 per cent and 25.8 per cent. Other demands are for a working week of 35 hours compared with 40 hours, six weeks' holiday and improved shift allowances.

Workers agree to redundancies at Perkins

WORKERS at Perkins diesel engine plant in Peterborough yesterday voted for 900 redundancies and a new productivity deal — against shop stewards' advice.

The agreement, by 7,000 hourly-paid workers at a mass meeting, means that voluntary redundancies will go ahead, industrial action is averted, and trade unions have accepted plans to streamline factory-floor efficiency to avoid further job losses.

Perkins is the world's biggest manufacturer of diesel engines but production is being cut because of a slump in world sales.

Shell workers agree 14% deal

MASS MEETINGS of non-craft manual workers at Shell's refineries and chemical complex at Carrington, Manchester, have accepted a 12-month pay deal which will increase the wage bill by slightly more than 14 per cent.

It is in line with offers being made to refinery workers and tanker drivers in some other oil companies.

The Shell deal, which affects 3,700 workers, also includes a reduction in the working week from 40 to 37½ hours in January, 1983.

TUC council attacks 'appalling complacency' of Prime Minister

BY NICK GARNETT, LABOUR STAFF

THE RESPONSE of the Prime Minister, Mrs. Margaret Thatcher, to questions by members of the TUC general council at their meeting with her last week "demonstrated an appalling complacency and insensitivity about the industrial crisis," the general council said yesterday.

In a strong statement issued after the council's meeting yesterday, the TUC said the unemployment figures earlier this week "confirmed the crisis."

The figures ignored the extent of short-time working in industry. "The real figure is already over 2½m—that is over one in 10 of the labour force. But the Prime Minister repeatedly refused to say what level of unemployment would compel the Government to change course."

The general council confirmed that all the unions involved in the Isle of Grain laggers' dispute had accepted the TUC's formula to end the dispute.

This acceptance was secured at the beginning of this week and removed the threat of the suspension from TUC membership of the engineering section of the Amalgamated Union of Engineering Workers and the Electrical and Plumbing Trades Union.

The unions will shortly meet the Central Electricity Generating Board which is unclear about some of the implications of the formula.

Mr. Sid Weighell, general secretary of the National Union of Railwaymen, who lost his position as chairman of the TUC transport committee on a vote, asked the general council to refer the matter back to the committee. But a ruling by Mr. Alan Fisher, TUC chairman, that this was not a matter for the general council, won overwhelming support.

Warning of provincial mail delays

BY JASON CRISP

THE POST OFFICE warned last night that 5m letters bound for the provinces would be delayed. The warning followed an emergency meeting in London by members of the Union of Communication Workers who load trains at the mainline stations.

The union objects to Post Office plans to cut overtime during the busy pre-Christmas period as part of a productivity agreement

The Post Office proposes cutting 50 hours overtime during December for each of 1,000 postal workers who load and unload mail trains in London.

Three times as many letters are sent in December than any other month and Post Office management wants to delay special Christmas arrangements by one week and to reduce a special 12-hour shift by one hour.

The union said its members at the railway stations were complaining that local managements were failing to negotiate with them properly on a range of issues. It denied that the emergency meeting was intended to be disruptive of the post particularly. The Post Office said the meeting was being held at the peak time for loading trains to the provinces.

Sacked Cunard seamen stage sit-in

BY PAULINE CLARK, LABOUR STAFF

BRITISH SEAMEN refused to leave the luxury liner Cunard Countess in Bridgetown, Barbados, last night after the company issued dismissal notices to crew members whose industrial action has kept the ship in port for a week.

Although 15 of the crew agreed to fly home on tickets issued by the company, more than 100 were said to have obeyed instruction from the National Union of Seamen to stage a sit-in.

The union wants the company to reverse its decision to cut wage costs by transferring the Countess and the Cunard Princess to the Bahamian flag.

The TUC General Council yesterday deplored Cunard's plans.

Lord Matthews, chairman of Cunard, has threatened to sell the two ships and the QE2 if the NUS blocks its plans.

It said the decision would cause "serious industrial consequences in the British merchant fleet and would constitute a significant loss of job opportunities."

Wages councils criticised over women's low pay

BY OUR LABOUR STAFF

BRITAIN'S WAGES councils yesterday came under fire for their failure to prevent "substantial underpayment" of workers, especially women.

Women workers in industries covered by wages councils are still among the lowest paid in the country, according to a Low Pay Unit report published yesterday by the Equal Opportunities Commission.

Launching the report, Mr. Chris Pond, director of the unit, claimed that nearly 11,000 companies were underpaying and cheating workers, especially women, out of £22m a year.

Women working at home were being paid less than 20p an hour in some cases, and more than 2m women workers in all were being underpaid.

Although women's pay improved substantially compared with men's between 1970 and 1976, this progress has evaporated, the reports says. Women's earnings declined comparatively between 1977 and 1979 and women now earned less than two-thirds the wages of their male counterparts.

The report singled out the service industry, the distributive trades and the textile clothing and footwear industries as the "oustanding" low payers.

Miss Emma MacLennan, author of the report, called on wages councils to set higher basic minimum wages to help rectify the problem.

Funds sought for party

BY OUR LABOUR STAFF

UNION LEADERS are likely to discuss soon with the Labour Party's National Executive Committee the mechanisms by which the unions can raise a further £300,000—the estimated sum the party needs in the short term.

A meeting of the Trade Unions for a Labour Victory agreed yesterday that this sum could be found by the unions.

It was also decided to begin a feasibility study into the seting-up of a trade union clearing or merchant bank.

Union officials have already discussed the project with the Co-operative Bank and with officials involved in West German trade union banking.

Mr. David Basnett, TULV chairman, said trade unions would benefit by setting-up their own bank, since they borrowed money at high interest rates, and this interest was lost to the union movement.

Union call on benefit frauds

By Our Labour Staff

THE Society of Civil and Public Servants has urged members who are unemployment office managers and supervisors to ignore such work as detecting fraud and benefit overpayments, in protest at plans to cut 1,400 staff posts.

The union, the second largest in the service, has urged its 4,000 managerial and supervisory members in unemployment benefit offices to make sure claimants receive benefits on time but delay less essential work, such as the recovery of benefit overpayments, detection of fraud, test checks of claims

Mr. David Luxton, SCPS national officer, said: "The only way our members can effectively demonstrate that benefit offices are understaffed is by ignoring the work that is so dear to this Government's heart, but without hitting at claimants."

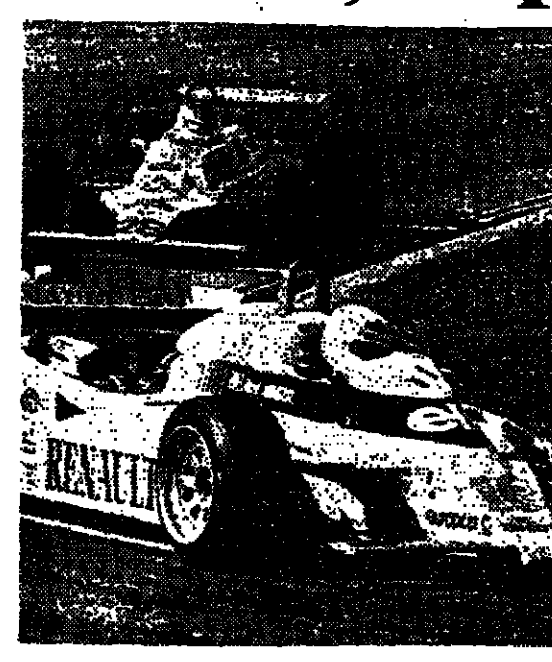
The largest Civil Service union, the Civil and Public Services Association, yesterday said the latest Government figures on the use of unemployment review officers justified the union's view that extending their activity from supplementary to unemployment benefit claimants was a further attack by the Government on the unemployed.

THE MARKETING SCENE

BY MICHAEL THOMPSON-NOEL

THE £50m PAY-UP

Now it's faith, hope and sponsorship



SPONSORSHIP NEEDN'T cost a penny. According to the Economist Intelligence Unit, which has produced a special report on the £50m business of arts and sport sponsorship, there are those outside the racing fraternity convinced that the Pretty Polly Handicap is sponsored by the hosiery manufacturer of that name (Pretty Polly, which makes more than 3m pairs of tights a week, is a subsidiary of Thomas Tilling).

On the contrary, theis recurring mention of the brand name is a free gift, courtesy of a famous filly that won 22 out of 24 races (including the St. Leger), more than £37,000 in prize money (this was the early 1900s), and died more than 50 years ago. The race was named after the horse.

Regrettably, sponsorship is almost never as easy as that, which may have helped prompt this week's remarks by Sir Roy Shaw, secretary-general of the Arts Council, who criticsed the reluctance of the business community to sponsor *avant garde* art, music and drama, and attacked much of the practice—though by no means the principle — of private sector sponsorship.

Sponsorship is enjoying a field day. Though only a minor tributary of the marketing man's art, it attracts more than its share of attention, presumably because at relatively little cost it manages to do a great deal of good, even though as a marketing weapon it is blunt and imprecise.

According to the EIU, the value of visible sponsorship in Britain, sponsorship that can be easily quantified, is currently £50m, of which the arts get £4m to £5m. In the last four years, growth has maintained an average annual rate of approximately 19 per cent.

In part, spending on sponsorship has been dragged upwards by the demands of star performers in the big-money sports, but in a bid to stretch every £1, sponsors are increasingly switching to greater involvement in grass roots schemes, participant sports or the less costly arts.

Motor racing still gets the lion's share. Then comes the arts. Then, in close contention among themselves, are horse racing (£2m), tennis and golf (upwards of £1.8m), soccer, cricket, equestrianism and athletics (each more than £1m).

The tobacco and drinks industries are still the biggest spenders, but the banks have thought it sensible to gear up their involvement (National Westminster is spending £1.5m on what the EIU calls an "expensive rescue" of the Gillette cricket competition), as have the leisure and motor vehicle industries.

Sponsorship of the arts, says the EIU, is growing at a faster rate than sponsorship in general, particularly support of classical music and opera. BAT recently made a big noise, on behalf of its du Maurier brand, with news of a £600,000 committment to the Philharmonia Orchestra over the next two years, which will help fund 60 concerts, 20 of them outside London, and increase rehearsal facilities, but the waves can be felt much lower down.

So can the splashes. At a private meeting of the Association of Business Sponsorship this week, a meeting attended by Arts Minister Norman St. John Stevas, Sir Roy Shaw of the Arts Council voiced three main complaints.

The first was neglect, by business sponsors, of the *avant garde*; second was the tendency for companies to withdraw from specific ventures after only a year or two, simply because they wished to spread their money around; third, he objected to the way that some sponsors sought to suggest that sponsorship was purely charitable.

None of which was intended to discourage sponsors themselves: "If the arts need more money," said Sir Roy, "and if business can provide some of it and at the same time provide itself with new forms of prestige advertising and general publicity, then only someone very crudely anti-business would not welcome every penny that business spends on the arts."

But there were drawbacks. First, sponsorship was inevitably based on calculation of business advantage more than on what was good for the arts.

"To say this is not to attribute blame. Naturally, business has to do this, indeed it can claim relief from corporation tax on the cost of its sponsorship only if the expenditure is incurred wholly and exclusively for the purpose of trade. But it is a difficulty, and it leads business sponsorship to concentrate mainly on the safe, fashionable and prestigious arts."

It should never be claimed that sponsorship was charity: "Indeed, one sponsor calculates that for the 'investment' of £35,000 in an exhibition, they receive publicity worth £350,000. When you consider that over half that initial expenditure could be offset against corporation tax, the sponsor (and many others) derived considerable benefit, partly at public expense."

(Some firms, he said, notably Marks and Spencer, came very near to altruism, and were extremely modest about their contributions to the arts).

Charity it is not, but occasionally, recipients should remind themselves that almost no marketing director actually *needs* sponsorship (the tobacco companies are an obvious exception).

John Carson, marketing director of Schweppes, has said that his company, a major sponsor for more than 15 years, had withdrawn from golf, tennis, athletics and the Grand National because of unsatisfactory relationships with the sport concerned. Either the administratin was poor, or they could not get enough stars to attend.

"As a marketing director I do *not* necessarily need sport. I obviously feel that sponsorship, in proportion, is worthwhile. But I have to consider *the alternatives.* . . . At Schweppes we decide the price that is commercially justified. (Sponsorship accounts for less than 3 per cent of Schweppes' total marketing budget.)

Sponsorship 1980-81. EIU Special Report No. 86. 27, St. James's Place, London, SW1.

THREE CASE STUDIES

Flair and good timing

THE EIU REPORT cites three instructive case studies. First, Cornhill Insurance, whose sponsorship of Test cricket shows that accepted rules can be broken and that an inspired hunch can pay.

In 1977, Cornhill was Britain's 12th largest insurance company, but depressed by low public awareness. At that time, Kerry Packer and his World Series cricket were disrupting international cricket, and with defections to the Packer camp mounting and the need for Test sponsorship only too apparent, Cornhill decided it had found the perfect publicity vehicle.

Result: the signing, within 10 days, of a £1m, five-year deal, even though Cornhill had no experience of sponsorship and little knowledge of Test cricket.

The risks were obvious, but the following summer, Test cricket captured 78 hours of screen time on BBC TV, during which the name Cornhill was mentioned 145 times. There were nearly 1,000 mentions on radio, and more than 8m on the Post Office Test score service.

Prior to its Test venture, unprompted awareness of Cornhill had been less than 2 per cent. Its initial arrival on the Test scene carried the figure to 8 per cent, and after two seasons it was 16 per cent, far less than for the Prudential or Pearl but roughly on a par with scores for more direct competitors like Eagle Star, Norwich Union and Royal.

Many of its rivals had large advertising appropriations, whereas Cornhill had done nothing else to promote itself apart from displays in brokers' offices.

Extra business arising as a direct result of sponsorship of the Tests is almost impossible to compute, but Cornhill has nevertheless estimated that an additional £15m in turnover a year can be attributed to the venture, which has also helped motivate the salesforce and foster good relations (entertaining may extend to 2,000 people during a six-match series, for an estimated budgeted cost of £40,000).

In Cornhill's case, says the EIU, the timing of the intervention may well have been crucial to the preservation of Test cricket, so that what in other circumstances might have been precipitate action proved fundamental to its success.

The EIU's second case study involves Olivetti and its exhibition at the Royal Academy last year of the Horses of San Marco, which it not only underwrote (reports that it "lost £250,000" on the venture are severely discounted) but conceived, planned and executed as well, the RA simply providing the venue.

According to the EIU: "A company which can carry out such a venture with flair and general acclaim gains a great deal more than the media coverage it receives, although that in itself was significant"—more than 700 column inches in the national Press and at least two magazine front covers.

It is Olivetti's view that it should play its part in the cultural life of any community in which it operates, and that well-chosen, professionally-executed ventures of this kind can only enhance its standing.

Case study No. 3 involves the Abbey Life's sponsorship of hunter trials, whose achievement in four years and at a current cost of just £50,000 per annum, has been "country-wide identification with a newly-accredited sport, called into being by demand from the top slice of the socio-economic scale."

The aim was to find a way of reaching potential customers in the upper income bracket who lived in the country and to whom access was difficult. According to the EIU, sponsorship of the newly-affiliated sport of hunter trialing has achieved enormous strides towards the friendly and acceptable image that Abbey Life, guided by its consultancy, was seeking.

FOOD: A NEW FORAY

TKM comes out of the cupboard

THE IDEA THAT in a recession consumers switch to cheaper goods, was a "myth," said J. Walter Thompson in an advertisement in this paper last Monday: "In the last 'recession,' 1974-77, whether you examine the humble frozen pea (share of market up, though it has cost up to three times as much as the canned pea) or sales of luxury goods, there was no evidence of an increase in the number of consumers buying for cheapness alone."

It sounds as though the enterprising managers of TKM Foods, of Maldon, Essex, have been talking to the mandarins in Berkeley Square. They haven't, but they have done almost as well: appointed Lansdowne Marketing, a subsidiary of JWT, to handle their first consumer advertising campaign, a £500,000 push on behalf of their Masterpiece, Great Outdoors and St. Nicholas labels.

Conventional wisdom in the food trade would rule this the wrong time to make a branded foray—for seven years, TKM has been Britain's biggest producer of own-label fruit and vegetables, with an estimated tudnover this year of £22m.

Not so, says marketing manager Max Weeden. The company recently spent £2m on new plant, and is now ready to take on rivals like St. Ivel, Eden Vale and Mattessons with its Masterpiece chilled salads, St. Nicholas fruit and vegetables, and its Great Outdoors range.

"We'll use Lansdowne as an extension of our own marketing and planning departments," says Weeden. "They are in tune with developments in the food industry (Mace, Azda and Bejam) and will provide complete integration of brand communication."

But wasn't this the wrong time to be sallying forth? "You either take a positive stance or you don't," says Weeden. "Despite the horrific figures, people *do* have more money to spend, are experimenting more, and even in the current climate are prepared to pay more for quality goods.

"The challenge is to ensure that your products live up to the expectations you create. You don't get a second chance."

Etcetera

Moves at Lopex

● Barrie Warman and John Josling have been appointed to the Board of Lopex, described as the largest British-owned marketing services company. Warman has been financial controller at Lopex since 1975—he becomes financial director—while Josling, recently appointed chairman of Interlink Advertising, part of the Lopex Group, will also be responsible for developing, on Lopex's behalf, a UK network of full-service agencies.

In addition to Interlink, Lopex owns The Kirkwood Company, MHP, and several smaller agencies. Its interests stretch from PR and printing to computers.

Philips Business Systems confirms that Interlink will handle its £1m account from January 1.

Bedroom secrets

● A survey that delves deep into the secrets of the British bedroom has wafted gently into Cannon Street. It was conducted by Gallup for Crown Paints, and reveals, among other rivetting marketing morsels, that whereas one in every three British adults believe that pinks, reds, and blacks are the colours to use if you want to make your bedroom more sexy, the four most popular colour schemes actually employed are white (26 per cent), pink 17 per cent), blue (13 per cent) and green (10 per cent).

That does not deter Crown Paints, which insists that "sexy pink has no class bias — it is equally popular with both upper and working classes."

From there, the survey drifts downhill, so that we learn that of 1,033 respondents, almost a third reveal that they sleep nude (32 per cent in the South but only 21 per cent in Scotland).

Finally, say the researchers, an en-suite shower came out top of a list of eight luxury or exotic items that respondents were asked to vote for in the bedroom of their dreams. It scored 31 per cent. Other fantasy additions were: water beds (17 per cent), round beds (17 per cent), piped music (12 per cent), black silk sheets (12 per cent), ceiling mirrors (11 per cent), real fur bed covers (9 per cent), and flashing lights (3 per cent).

Controlled diet

● In order, as it says, to help boost business, IPC Magazines has booked a January weekend for a party of what are ingloriously dubbed "advertising agency supremos" at Inglewood, the Berkshire health farm.

As *Inglewood* describes it: "Instead of the normal excesses of a media beano, the guests will suffer the rigours of controlled diet and exercise, albeit in a luxurious ambience for which slimmers can pay up to £400 a week."

A likely tale.

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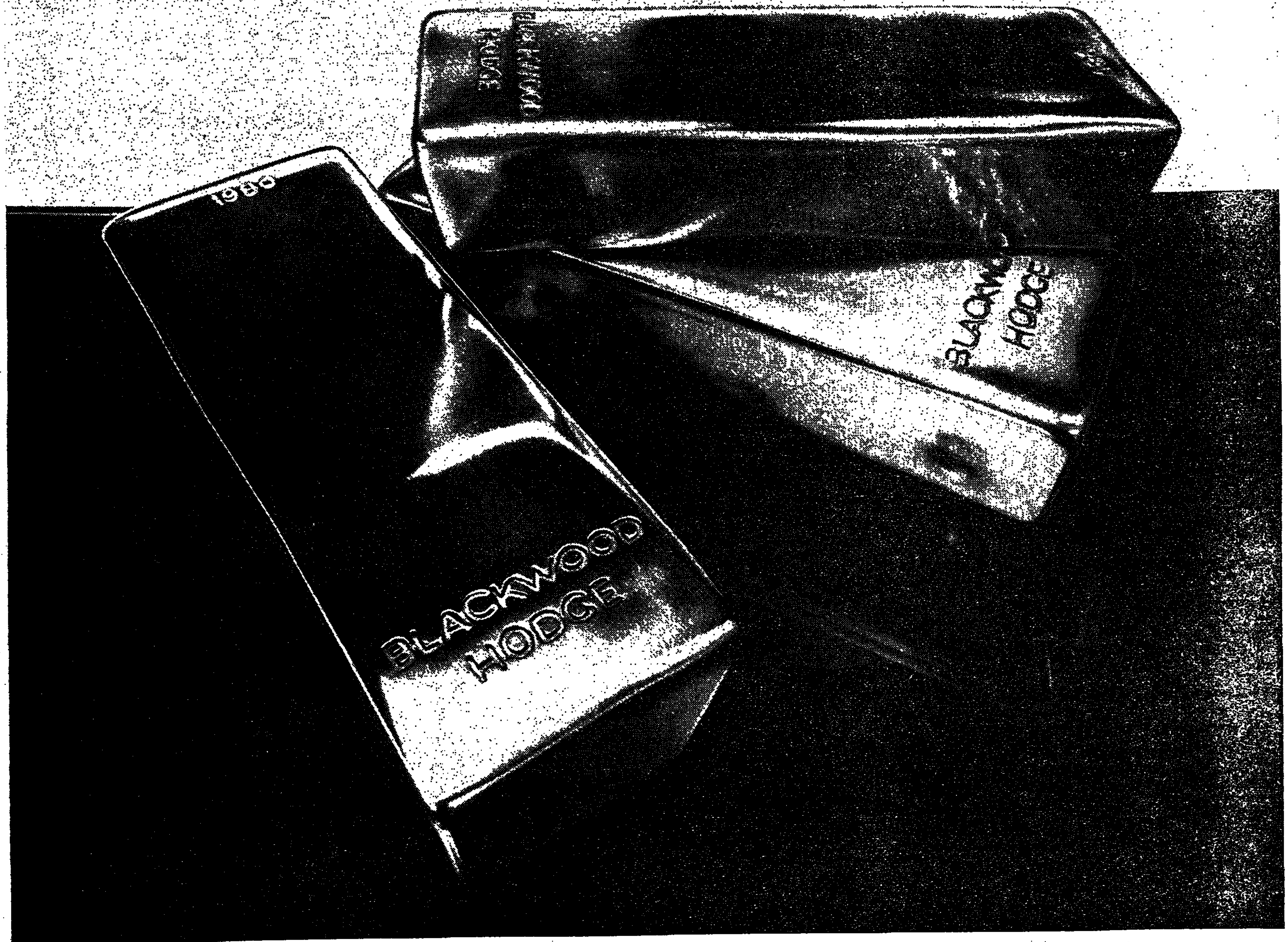

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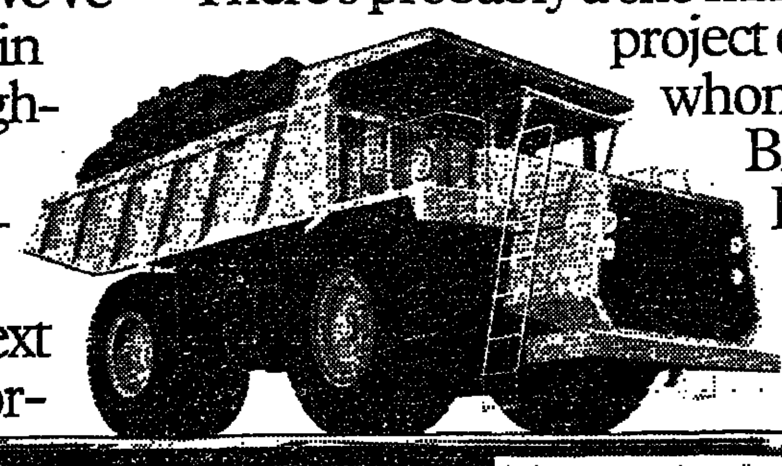
And, perhaps more importantly, providing the support of a round the clock service. So the next time you're driving down a motorway in Mogadishu, or touching down at some distant airport, remember one simple thing.

There's probably a site manager or project engineer, to whom the words Blackwood Hodge sound as good as gold.



BLACKWOOD HODGE

The world's largest distributor of earthmoving equipment.

Autumn of idleness mainly for 'tax-earners'

BY MICHAEL DIXON

WHILE CONSIDERING the accompanying table, readers may care to guess who was the Englishman who wrote the following quotation, and why it is apt in more than one way. The only clue I will give is that he was born too early to be a monetarist.

"We have the same means (as other countries have), able bodies, pliant wits, matter of all sorts, wool, flax, iron, tin, lead, wood, etc., many excellent subjects to work upon, only industry is wanting. . . .

"Industry is a loadstone to draw all good things; that alone makes countries flourish, cities populous, and will enforce by reason of much manure, which necessarily follows, a barren soil to be fertile and good. . . ."

The author was Robert Burton, writing around 1615. And the second way in which the quotation is appropriate to the message of the table—compiled from the latest count of jobless managerial and specialist staff registered with the Government-sponsored Professional and Executive Recruitment Agency—is that the words come from Burton's book called The Anatomy of Melancholy.

The reason for melancholy here is not that, even when the figures have been "seasonally adjusted" by deducting new entrants without experience in the jobs they aspire to, the increase is higher-grade unemployment over the past six months has been almost 27 per cent. There no longer seems anything remarkable about that. The rise in seasonally-adjusted overall unemployment in Britain between April 10 and October 9 was barely short of 30 per cent.

But look at the kinds of managerial and specialist staff who have been worst affected by the increase!

There are nine major categories of work which show increases above the 26.9 per cent average. Of these, it is surely only the town planners and architects group which contains a heavy share of public service employees who, I suspect, will not be proportionately represented among the 459 "net" unemployed in that category.

Moreover, of the 11 major groups with the greatest below-average increases, only two consist largely of people whose salaries are paid by the tax-earner. They are teachers, and the staff of libraries, art galleries and the like.

The fact that these two both appear in the table below personnel staff is also apt, although in a more restricted way. The Institute of Personnel Management is just beginning its annual conference in Harrogate, and one of the sessions is entitled "Personnel manager—protect yourself!"

The pity is that nowhere on the programme of 10 full-day seminars and four dozen 90-minute talks cum discussions, can I find any time officially devoted to consideration of unemployment among managers and speicalists in the large sense. Even though I have learned not to expect policy statements by the institute on controversial issues, I am saddened by this omission.

It would not have been beyond the institute's ability to offer something of general help. It might, for instance, have given its members both opportunity and encouragement to pool their experience so as to provide newly jobless higher-grade staff with means of telling executive - redundancy counsellors who are worth their fee, from those who resemble nothing so much as vultures.

That, however, is enough meloncholy for one column. So I'll simply wish, on behalf of would - be wealth - generating workers suffering or threatened by unemployment, that the Prime Minister's hopes of an autumn of understanding followed by a winter of common-sense, have taken account of the message of two other quotations.

The first is the axiom: Understanding is at least a two-way thing.

The second is a statement by Alfred North Whitehead: "The folly of intelligent people, clear-headed and narrow-visioned, has precipitated many catastrophes."

HIGHER-GRADE STAFF MOST AFFECTED BY RISE IN UNEMPLOYMENT

	No. on register as unemployed		No. of "new entrants" on register		Unemployed net of "new entrants"		Rise over six months
	Oct. 2	(Apr. 1)	Oct. 2	(Apr. 1)	Oct. 2	(Apr. 1)	%
Draughtspeople	1,295	(652)	105	(53)	1,190	(599)	98.7
Data processing	3,706	(1,738)	2,673	(1,139)	1,033	(599)	72.5
Sales and marketing	11,395	(7,527)	3,044	(1,667)	8,351	(5,860)	42.5
Town planners and architects	994	(491)	535	(156)	459	(335)	37.0
Production managers	3,288	(2,368)	246	(134)	3,042	(2,234)	36.2
Engineers and technologists	5,428	(3,074)	2,171	(665)	3,257	(2,409)	35.2
Accounting	3,012	(1,771)	1,206	(434)	1,806	(1,337)	35.1
Purchasing	1,415	(1,031)	185	(102)	1,230	(929)	32.4
Chemical scientists	1,227	(719)	609	(246)	618	(473)	30.7
Personnel	3,082	(2,104)	1,994	(1,245)	1,088	(859)	26.7
Teachers	17,609	(12,293)	4,984	(2,286)	12,625	(10,007)	26.2
Construction managers	1,904	(1,440)	160	(49)	1,744	(1,391)	25.4
Transport & warehouse mngrs.	2,004	(1,596)	153	(100)	1,851	(1,496)	23.7
Surveyors	523	(276)	266	(63)	257	(213)	20.7
Estimators, etc.	940	(728)	128	(52)	812	(676)	20.1
Retail management	1,154	(802)	415	(171)	739	(631)	17.1
Estate agents, etc.	2,928	(1,398)	1,839	(957)	1,089	(941)	15.7
Libraries, art galleries, etc.	8,282	(4,808)	5,544	(2,405)	2,738	(2,403)	13.9
Office managers	3,695	(2,740)	940	(318)	2,755	(2,422)	13.7
Administration managers	3,670	(2,015)	1,846	(407)	1,824	(1,608)	13.4
All managers and specialists	99,501	(64,902)	38,171	(16,561)	61,330	(48,341)	26.9

Enlightenment

"I'M HOPING that at least one able, experienced manager's problem may be our opportunity." The speaker was Uwe Kitzinger who lately left the job of dean of the Insead business school in France to become director of the Oxford Centre for Management Studies.

Being small, the Oxford Centre is admirably placed to develop "learning programmes" to meet the specific needs of particular companies or sectors of industry, he believes. And whether such programmes take place in the centre which has 36 bedrooms and stands in 32 acres, or on the premises of the company concerned, Mr. Kitzinger intends the main growth to be in programmes for high-level managers.

So he is hoping to hear from at least one manager with success in the planning and practice of business, or the public service, or management consultancy, or even management education, able to help in making the proposed growth a reality.

The incoming fellow (or preferably fellows) in business strategy will plan, organise, market, and above all run the intended top-level programmes lasting from half a day upwards. They will be paid by the relevant academic scales which I gather run from £11,165 to £16,765 or so, and may well be elected members of the economics faculty of Oxford University.

Uwe Kitzinger does not much mind which country candidates came from, provided they have the required experience and credibility, and are "culturally transferable." Nor, given the same qualifications, does it matter whether they are in a job, or not—hence his opening remark. He would prefer them to be aged 40 to 60.

Inquiries to this enlightened director, or his assistant Madeleine Cook, at the centre, Kennington, Oxford OX1 5NY; telephone 0865 735422. His home number is 086 731 266.

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ACCOUNT EXECUTIVE TRAINEES
MANAGER'S SECRETARY
SALES ASSISTANTS
OPERATIONS AND WIRE-ROOM PERSONNEL

Please write Box A.7332, Financial Times, 10 Cannon Street, EC4P 4BY.

MANAGING DIRECTOR

Food Manufacturer in Scotland

A long-established and expanding British Public Company wishes to appoint a Managing Director at a Scottish subsidiary engaged in food manufacture and supplying major retailers in the U.K.

The successful candidate will need to demonstrate a sound record of organising and motivating a capital intensive business which is expanding rapidly. This experience will preferably, but not necessarily, have been in food manufacture.

The salary and benefits will be substantial.
Preferred age range: 35-50.

Applications to:

Group Managing Director,
SALE TILNEY & COMPANY LTD.,
28 Queen Anne's Gate, London SW1H 9AB.

Major Merchant Bank

STOCK EXCHANGE DEALER

A major Merchant Bank, one of the Accepting Houses, has a vacancy for a Stock Exchange Dealer. The successful applicant, likely to be in the age range 25-35, must have a minimum of five years' relevant experience in a merchant bank or other financial institution and will be expected to have a sound knowledge of dealing procedures in all the major financial markets.

In addition to a competitive salary, the staff benefits will include low interest housing loan, non-contributory pension scheme, profit sharing, free medical cover, interest free season ticket loan and £1 per day luncheon vouchers. The Company has a Sports and Social Club.

Please apply in writing with relevant details to the: Personnel Manager,

Box FT/642, c/o Hanway House, Clark's Place, Bishopsgate, London EC2N 4BJ.

iib

As a result of our continued international and domestic expansion we have vacancies in the following departments:—

DOCUMENTATION

The function of this department is to deal with all documentation in respect of lending and other credits granted by the Bank.

Duties include preparation of documentation, *perfection of security, liaison with clients* and lawyers and preparation of reports.

The ideal candidate, aged 24-30, with A.I.B., will have had two-three years' experience in a similar role in international banking.
Salary negotiable and usual fringe benefits.

CREDIT ANALYSIS

The function of this department is to assist marketing staff responsible for selected territories in the supervision of existing business and the examination of new projects.

Duties include credit analysis, client liaison, preparation of reports and assistance with documentation. Occasional travel is required.

The ideal candidate, aged 24-30, with A.I.B., a degree or equivalent qualification, will have had two-three years' experience in a similar role in international banking. A working knowledge of a European language would be a distinct advantage.

Salary negotiable and usual fringe benefits.

Please apply to:

Mrs. Jeanne Rout
Personnel Manager
Italian International Bank Limited
P & O Building
122 Leadenhall Street
London EC3V 4PT

TREASURY ASSISTANT

Willis Faber & Dumas, the leading international insurance brokers, are looking for a young person to assist with all aspects of cash management, investment and foreign exchange transactions.

It is anticipated that the successful applicant will become fully integrated into the Treasury Department and be capable of working independently without supervision. A high degree of numeracy is an essential requirement, together with experience and/or training in an *economic or mathematical discipline. This* position would suit a graduate.

Prospects are excellent. The appointment carries a generous salary, dependent on age and experience, and all the benefits associated with a large company.

Apply to Mrs. P. Fowler,
Staff Department, at the address below or telephone her on 01-488 8282
(between 10 a.m.-4 p.m.)

International Insurance and Reinsurance Brokers
WILLIS, FABER & DUMAS LIMITED
10 Trinity Square, London EC3P 3AX
and at Lloyd's

FIELDING NEWSON-SMITH & CO.

CORPORATE FINANCE

The expanding department is seeking a senior executive experienced in all aspects of corporate finance. The successful applicant will probably be aged under 35 and hold a professional qualification in Law, Accountancy or Secretaryship.

The position carries excellent career prospects. Remuneration, which will be based on qualifications and experience, will consist of salary plus a share of profits.

Applications, which will be treated in the strictest confidence, should be sent with a curriculum vitae to:

The Managing Partner
FIELDING, NEWSON-SMITH & CO.
31 Gresham Street, London EC2V 7DX

Arabic Speaking Bankers

A leading Middle East-based commercial bank with strong US ties requires an experienced banker to market its services to corporate clients. Operating in a rapidly expanding economy and a highly professional business environment, the successful candidate will be responsible for the profitability of an assigned loan portfolio, for developing and executing new business and monitoring existing loans.

Candidates should have a university degree, thorough credit training with a major international bank and at least three years practical experience in commercial lending. Fluent English and Arabic are essential.

This is a career position in a fast-growing organisation which stresses advanced training and career development. In addition to an attractive base salary and performance bonus, the bank offers a generous range of benefits.

Please reply to: Box FT/643,
St. James's Advertising & Publishing Co. Ltd.,
Hanway House, Clark's Place, London EC2N 4BJ.

International Recruitment Specialists for the Commodity Markets

Commodity Appointments Ltd
8 Egmont House
116 Shaftesbury Avenue
London W1. 01-439 1701

COMMODITY Graham Stewart APPOINTMENTS

Commodity Appointments Ltd
One Whitehall Street
New York NY 10004
(212) 482 8340

Commodity Appointments (Pty) Ltd
P O Box 781551 Sandton 2146 South Africa Johannesburg 836 6918

Managing Director Recruitment

c£18,000 p.a.

A person with a proven track record in the field of recruitment counselling, executive search and placement of middle range and senior personnel, particularly in the broking and financial areas is required to head a small team of consultants. The successful candidate will have some management experience, and will be offered a salary/share compensation around £18,000 p.a. Equity participation is envisaged after a successful period of service with the company.

Apply to Mr. Graham Stewart at
Commodity Appointments Ltd., 8 Egmont House,
116 Shaftesbury Ave., London W1. Tel: 01-439 1701.

01-439 1701 London | (212) 482 8340 New York | 836 6918 Johannesburg

Senior Manager

salary circa £16,000 plus car

As a result of continued growth our City office offers an opportunity for a qualified accountant to fill a newly created post with partnership potential. We offer a very attractive remuneration package and the opportunity to further develop individual ability and responsibility within one of the specialist departments of the firm.
Write in complete confidence giving details of your career to date to Stuart Rochester, Personnel Director.

Neville Russell
Chartered Accountants

30 Artillery Lane, Bishopsgate, London E1 7LT.

HOARE GOVETT LIMITED

INVESTMENT TRUSTS

require an experienced sales executive, probably in the mid-twenties, to join their established team specialising in Investment Trusts. The applicant will have had not less than three years' experience on an institutional sales desk. Previous knowledge of Investment Trusts is a definite advantage, but not essential.

Remuneration will be based initially on experience and later on performance and is negotiable.

Applications, which will be treated in confidence, should be addressed to:

The Company Secretary
HOARE GOVETT LIMITED
Heron House, 319/325 High Holborn
London WC1V 7PB

Systems Accountant

Saudi Arabia

c. £13,250

The Riyadh Al-Kharj Hospital Programme was established to provide health care of the highest quality to the armed forces of Saudi Arabia. With two hospitals already established and a further substantial extension planned for 1981, effective financial management naturally forms a major part of the overall health care operation.

We now have an opportunity for an able and experienced Systems Accountant to join our well-established Finance Division and develop and maintain systems and procedures for financial accounting within the hospitals.

You'll be handling a wide variety of challenging work, from O & M quality assignments to system modifications following Internal Auditor recommendations so you will need to be skilled over the whole range of financial systems work—including staff familiarisation and training. You should be fully qualified and direct experience within a hospital or health care environment—particularly overseas—would be a definite advantage.

On a renewable contract of two years the benefits include modern, high-quality and free single or married accommodation as well as extensive recreational and welfare facilities. An educational allowance of up to SR 18,000 p.a. is payable per child for up to three children (under 18 years) who are undergoing full-time education. Air fares to and from Saudi Arabia — including leave — are free and you enjoy four weeks' vacation for every six months' service.

The quoted salary is based on SR 95,392 p.a. (7.8 Saudi Riyals = £1) and includes a gratuity of one month's salary for every 12 months' service payable on completion of contract. There are no income tax or exchange/currency regulations operating in the Kingdom.

For full details write, quoting Ref: RKH.995, to: David Campbell, Manager Personnel Services, Allied Medical Group, 18 Grosvenor Gardens, London SW1W 0DZ, or call our 24-hour answering service on 01-730 5339 (please quote reference number).

All applications will be dealt with in the strictest confidence.

AM

Allied Medical Group

Manager New Business Products

Based: S.W. London
Five fig. salary + 2 litre car + Benefit package

Our client is part of a major multi-national Corporation with a U.K. turnover in excess of £400m.

They seek to recruit an articulate and persuasive person who has experienced an "entrepreneurial" environment to carry out feasibility studies, making proposals to the main board on new ventures and if accepted, to develop, market and launch the new business range.

Aged probably in your late 20's, early 30's, you will ideally have an MBA or business qualification and will have had experience of the data processing or communications industry, with knowledge of finance and marketing.

If you are looking for a demanding role with exceptional career prospects, contact Neil Hadfield by telephone, or in writing quoting reference 4291.

Lloyd Chapman Associates
123, New Bond Street, London W1Y 0HR 01-499 7761

Financial Controller

London, W.1. **Salary c. £12,500 + car**

Our client is a major Dutch publishing group with a turnover of over £260 million. The group is currently in the process of expanding internationally and has recently purchased two publishing businesses in the United Kingdom with a combined turnover of £7 million. The businesses are responsible for the marketing and publishing of various leading business and career publications. The particular U.K. operation is run as an independent company within the Dutch group.

As a Financial Controller you will assume responsibility for the division's financial affairs. Your specific task will be to establish, develop and control the manual and computer based accounting systems of the division and to recruit and train the staff. You will also be required to take responsibility for the day to day financial management of the division and to prepare draft monthly, quarterly and annual accounts for discussion with the Directors.

Applicants should be qualified Accountants aged between 28 and 40 with at least three years' management experience in an industrial or commercial environment to include involvement in the introduction of new accounting and computer systems. It is intended that you will ultimately assume the role of Financial Director, thus ambition and motivation are extremely important as is the ability to tackle all matters in a practical and confident manner.

For further information, please write, in complete confidence, submitting a Curriculum Vitae to:
Peter Childs
Pannell Kerr Forster Associates
Lee House
London Wall
London, EC2Y 5AL

Pannell Kerr Forster Associates
MANAGEMENT CONSULTANTS

A LARGE MIDWEST AMERICAN BANK

requires two experienced

CORPORATE LENDING OFFICERS

Two Corporate Lending Officers are required to supplement the bank's expanding marketing operations in the U.K.

Applicants ideally should be aged between 27-32 and would have obtained a relevant degree, professional or post-graduate qualification. Successful applicants will be responsible for marketing the entire range of the Bank's services.

Specifically required,

(1) An individual to join our corporate (U.K.) group. He or she should have at least two/three years corporate lending experience with an international bank in the U.K.

(2) An individual to join our multinational (U.S.) group. He or she should have similar experience, ideally with a U.S. corporate customer base.

Written applications incorporating a curriculum vitae should be addressed to:
Box No.: A 7321 The Financial Times 10 Canon Street, EC4 4BY.

INTERNATIONAL BANKING

INTERNAL AUDIT c. £9,000 neg.
An opportunity for a young banker with sound experience of international bank auditing to assist in the development of the bank's control systems. A European language (preferably German) is almost essential.

FINANCIAL CONTROL/ ACCOUNTING c. £7,500
A vigorously expanding international bank seeks 2 people to assist with the financial recording of day to day operations and with management information and reporting.

CREDIT ANALYSIS £7,500 - £10,000
Very active — although not a giant — U.S. bank extends first class opportunity to a young banker who has served at least a good apprenticeship in Eurocurrency credit analysis.

FOREIGN EXCHANGE to £6,000
Small but well integrated international bank needs a young banker (F/M, 21/25) with comprehensive "back-up" experience, plus supervisory potential.
Another European bank client requires someone with specific experience of F/X positions.

Please telephone either Ann Costello or John Chiverton, A.I.B.

JOHN CHIVERTON ASSOCIATES LTD.
31, Southampton Row, London, W.C.1.
01-242 5841

Bullion/Gold Coin Dealer

The London Branch of Trade Development Bank is expanding its precious metals activities, working in close conjunction with Republic National Bank of New York, in New York and Hong Kong, and with Trade Development Bank in Geneva. The right candidate will be experienced in the London Market, trading in Gold, Silver and Gold Coins, and will preferably have a working knowledge of the U.S. Futures Markets. In return, the Bank offers outstanding career development prospects in a Group which provides an exceptionally encouraging environment for skilled dealers.

Please write in confidence to:
Mr. P. Creasy, Personnel Manager,
Trade Development Bank,
21 Aldermanbury, London E.C.2.

Trade Development Bank

Personnel Director

An expanding, aggressively managed Saudi bank seeks a seasoned professional to assume total responsibility for its personnel function. The incumbent will be responsible for personnel administration for 700 staff countrywide, including recruitment, training, policy development and the direct management of 30 departmental staff in three cities.

The successful candidate will have a good degree plus five to ten years' experience in personnel management or related fields.

Attractive salary plus a highly competitive benefits package.

Send C.V. with salary history to:
Chief of Staff, Saudi American Bank,
P.O. Box 833, Riyadh, Saudi Arabia.
Or to: Box A7322, Financial Times,
Bracken House, 10 Cannon Street,
London EC4.

البنك السعودي الامريكي
Saudi American Bank

International Capital Markets

The Royal Bank of Canada (London) Limited, the merchant banking subsidiary of The Royal Bank of Canada, seeks a recently qualified graduate to act as a back-up to its marketing executives. The bank provides major corporations and sovereign borrowers with alternative methods of raising fixed rate funds in the Euromarkets, and the candidate will be expected to monitor the borrowing requirements of the bank's clients, as well as track developments in the Eurobond market.

Applicants should be accurate and able to act on their own initiative. The position carries a competitive salary and the usual range of bank benefits.

Applications to:—

The Manager, Administration,
The Royal Bank of Canada (London) Limited,
107 Cheapside, London EC2V 6DT.

FIELDING, NEWSON-SMITH & CO.

BUILDING SECTOR RESEARCH

Fielding, Newson-Smith & Co. is expanding its Building Research team and has a vacancy for a specialist of exceptional ability. This position carries substantial individual responsibility and excellent prospects for personal and business success. Initial remuneration will depend on age and experience but will be very competitive because of the exacting job demand.

Applicants must posses familiarity with the industry and with financial analysis and appraisal as well as a good degree and post-graduate academic or professional qualifications. The successful candidate will probably have had some years experience in the City or within the finance or corporate planning departments of a building company.

Applications should be sent with a curriculum vitae to:
The Managing Partner,
Fielding, Newson-Smith & Co.,
31, Gresham Street, London EC2V 7DX.

SENIOR CREDIT ANALYST

Age Mid/Late 20s **£9,000—10,000**

Use your excellent balance sheet analysis background in banking as a springboard to greater responsibility and superb career prospects with a major International Bank. If your experience includes formal US credit training so much the better. Fringe benefits include mortgage facility, free BUPA etc.

INTERNAL AUDITOR

Age Late 20s **c.£10,000**

If you're a qualified accountant with at least 18 months' post-qualifying experience of the auditing function within banking or a related environment, our client offers a first-class career opportunity in a small but expanding European bank. Excellent range of fringe benefits includes mortgage assistance, 4 weeks holiday, free BUPA etc.

For further details of these and the many other vacancies which we are currently seeking to fill please ring Banking Personnel now for an informal chat with one of our Consultants.

BANKING PERSONNEL
41/42 London Wall · London EC2 · Telephone: 01-588 0781
(RECRUITMENT CONSULTANTS)

CJA

RECRUITMENT CONSULTANTS
35 New Broad Street, London EC2M 1NH
Tel: 01-588 3588 or 01-588 3576
Telex No.887374

Scope for considerably increased earnings within the short term.

CJRA

CITY

BOND SALES EXECUTIVE

EXCELLENT REMUNERATION NEGOTIABLE

MAJOR INTERNATIONAL INVESTMENT HOUSE

We invite applications from candidates aged 25-35, who will have gained experience in the successful marketing of issues in fixed-interest securities. The prime responsibility will be to operate and develop an international marketing function from London. Whilst in no way essential, proficiency in a second European language will be an advantage as some overseas travel is envisaged. The successful candidate will join an expanding team of Bond Sales Executives and this appointment will therefore appeal to those candidates who have the potential to make a significant contribution in a demanding sales and trading environment. The initial attractive salary which is negotiable will be supplemented by a fringe benefits package. Applications in strict confidence under reference BSE12765/FT will be forwarded unopened to our Client, unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager:

CAMPBELL-JOHNSTON RECRUITMENT ADVERTISING LIMITED, 35 NEW BROAD STREET, LONDON EC2M 1NH

Finance Director

Commodity Trading

Our client is the rapidly expanding commodity trading subsidiary of a major international group.

Current growth in the UK and planned development internationally now necessitate this new appointment.

Candidates, will be qualified accountants currently in a similar senior post or with at least some experience in commodity trading. They will be analytical, technically sound, possessing an impeccable record and have a positive and when necessary, forceful personality.

Preferred age 35-45. Location City.

Total remuneration could be well in excess of £20,000.

Please write in confidence to David Thompson who is advising on this appointment, quoting reference 1170.

Odgers

MANAGEMENT CONSULTANTS
Odgers and Co Ltd. One Old Bond St, London W1X 3TD 01-499 8811

Financial Control

London W1 £14-15,000+car

One of Britain's largest public groups with extensive interests overseas and itself a major exporter has, through promotion, an opportunity for a well qualified and experienced accountant at its Head Office.

Reporting to the Group Chief Accountant you will manage a department of qualified accountants, responsible for the analysis and monitoring of subsidiary companies' performance for the Group Executive.

Your background should preferably include a period at a senior level with a major professional firm and/or commercial experience both at operating or company level and at group headquarters. Preferred age range is 30-40 and a comprehensive package is offered, including outstanding career prospects.

Contact John P. Sleigh FCCA on 01-405 3499 quoting reference JS/518/SMF

Lloyd Management
Recruitment Consultants
125 High Holborn London WC1V 6QA 01-405 3499

SENIOR CREDIT ANALYST

An expanding International Bank is looking to recruit a person with at least five years' experience in Credit Analysis to be their Senior Analyst. The successful candidate should have experience of European accounting methods and a good knowledge of corporate institutions.
Age: late 20s Salary: c. £10,000

FOREX OPERATIONS

Our client, a leading International Bank, wishes to recruit a person with at least five years' experience for their FX back-up operation. Responsibilities will cover confirmations, receipts and payments, loan and deposit monitoring, dealing limits and calculation of FX profit and loss.
Age: mid 20s Salary: up to £8,000

SETTLEMENTS SUPERVISOR

A leading finance house is seeking a person with a stockbroking background to effectively control the stock exchange settlements area. The candidate must have experience in all aspects of stock market operations and be capable of supervising staff.
Age: mid 30s Salary: negotiable

BSB Banking Appointments
115-117 Cannon Street, London EC4N 5AX Telephone 01-623 7317 & 01-623 9161

ALANGATE BANKING APPOINTMENTS

INVESTMENT ADMIN. CLERK, age 28+, for W1.
INVESTMENT MANAGEMENT CO. Overseas settlements experience and good Stock Exchange background or bank securities experience. £8,000-£9,000.
CONTRACTS CLERK, age 20-25, for merchant banker's Stock Department. £4,300-£5,000 + all bank benefits.
FOREX DEALING BOARD AST. Age 20+. Previous FX and City banking organisation experience. £5,000-£5,500.
2 FX SETTLEMENTS and instructions, age 20-25. £5,000-£6,000.
2 LOANS ADMIN., age 23-32. Syndicated and/or Eurodollar loans. Some credit analysing. £6,000-£8,000.
For these and many others ask for
DELLA FRANKLIN
ALANGATE STAFF CONSULTANTS
78 Queen Victoria St., London EC4
Tel: 01-248 6071

Recently Qualified ACCOUNTANT

Required by City based International investment managers to assist in all aspects of the administration of an expanding Unit Trust department. Salary negotiable.

Please write to:
Box A7333, Financial Times,
10 Cannon Street, EC4P 4BY

WANTED

JAPANESE

26, fluent in English, three years' experience as a commercial interpreter. Experienced knowledge of Japanese markets, seeks a position in a company that trade to or from Japan. Please write:
Box A7336, Financial Times
10 Cannon Street, EC4P 4BY

FINANCIAL DIRECTOR

Motor Dealer Group

North of England

We are a well known consultancy company acting on behalf of a client seeking a man or woman with the right personal as well as technical abilities.

This small group of Motor Dealerships, turnover £30m. is a subsidiary of an International Group. The subsidiary is growing through acquisition and is strongly managed. The Managing Director seeks a right-hand man or woman to take control of the accounting and administrative functions through Branch Accountants and participate in the running of the business. The Company uses the most advanced computerised management system available.

This is an expanding Group and the job is therefore growing. There will be involvement with acquisitions. Candidates must be qualified and should have, ideally, relevant Motor Trade experience. Salary negotiable into five figures will not be a problem for the right person. There is a Company Car and benefits expected at this level of appointment.
Applications dealt with in strictest confidence.

Reply with career details and present salary to:
Box A7334, Financial Times, 10 Cannon Street, EC4P 4BY

Financial Controller

£9,000 pa

Small but rapidly expanding Fleet Street Publisher of two international publications, seeks a qualified Accountant to manage and to develop its financial, accounting and management systems including their proposed computerisation. Practical commercial experience is desirable and publishing experience would be useful. Energy, imagination and the ability to take initatives essential.

Please reply in writing to:
Mr. M. G. Conroy
Export Times Publishing Ltd.
60/61 Fleet Street
London EC4Y 1LA

INVESTMENT SERVICES

City to £15,000

The London merchant banking arm of a major continental bank, long established in the City, intends to recruit an additional executive to strengthen and expand its investment services activities.

The person appointed will initially be involved in the development and marketing of new investment products, as well as in the existing activities, centred on securities investment services for major international investors.

An entrepreneurial outlook, marketing flair and a good ability to communicate effectively at all levels are requirements for success. Fluency in a major European language would be a distinct advantage.

The successful applicant is likely to be aged between 26 and 36, with an academic background and/or a professional qualification. He or she will have enjoyed sound experience in the fields of banking or finance in general, possibly gained with a merchant bank or a major stockbroker.

A competitive remuneration is offered, together with an attractive range of benefits, including concessionary mortgage facilities.

Real promotion and career prospects are provided in this fast-growing unit in the U.K. as well as in the group as a whole if desired.

Please send full details in confidence to

Box A.7335, Financial Times,
10 Cannon Street, EC4P 4BY

TWO APPOINTMENTS

CIRCA £10,000

Medium-sized Group of Companies is to appoint two qualified Accountants to its Head Office team.

One will be located at the Group Headquarters in the S.W. Home Counties, the other at the Head Office of a subsidiary in London, W1. Both will report to the Group Company Secretary.

The appointments require a professional qualification backed by practical commercial experience, together with willing acceptance of responsibility and the ability to communicate with all levels of management. Some company and branch visiting will be needed in line with the accounting responsibility inherent in both posts.

Applications, which will be dealt with in strict confidence, should be sent with personal details, experience and current salary to:

Box No. S6037, c/o Extel Recruitment, 4 Bouverie Street, London EC4.

who will forward applications unopened to their client. The names of any companies to whom applications should not be forwarded should be listed clearly on the back of the envelope.

Investment Director

We need an additional investment manager of Director calibre.

Geoffrey Morley & Partners Ltd provide an independent and personal investment management service for pension funds.

Pension Funds under management total £300 million and continue to grow rapidly.

If you would like to be part of a small team, working in an atmosphere where initiative and enterprise are encouraged, this may be the opportunity you have been waiting for.

Salary and profit sharing bonus will be generous, and fringe benefits include a contributory pension scheme and BUPA.

Preferred age 30/40. A degree or professional qualification is essential.

Please reply in confidence with curriculum vitae to Geoffrey Morley.

GMP
Geoffrey Morley & Partners Limited
27 Great James Street London WC1N 3ES
Telephone 01-405 41514

EDITOR

Accountancy Age, the leading weekly newspaper for Britain's qualified accountants, is looking for a new editor.

Launched in 1969, Accountancy Age immediately established itself as the principal news medium for the profession and the man or woman we are looking for will continue and develop the successful formula of providing comprehensive editorial coverage based on hard news.

An impressive record to date in either accountancy or journalism is essential and the successful applicant will be required to meet the most exacting requirements of both professions, by effectively managing a team of 12 highly qualified journalists.

Applicants should write in confidence to:

Graeme Andrews
VNU BUSINESS PUBLICATIONS
53 Frith Street, London W1A 2HG

General Manager Banking

A newly formed commercial bank in the capital of a rapidly developing Middle Eastern country is seeking a General Manager.

The successful candidate will report directly to the Board of Directors and will be the Bank's Chief Executive Officer responsible for charting the future direction of the Bank and for managing its growth and development.

Ideal candidates will have a good educational background and ten to fifteen years of commercial banking experience, part of which would have been spent in retail banking in a developing country. They should be all-round bankers with experience in all operating departments of a commercial bank, and leaders with imagination and the ability to motivate their subordinates. Fluency in English, and a knowledge of Arabic and other languages, would be desirable.

Our client is anxious to attract a candidate of undisputed character and professional competence and is offering a generous base salary, performance bonus and a wide range of benefits.

Please reply to Box FT/644.
St. James's Advertising & Publishing Co. Ltd.,
Hanway House, Clark's Place, London EC2N 4BJ.

Financial director

North London, c£13,500 & car

C&L

Our client, a major division of a UK public company manufacturing industrial consumables with a turnover of £13M, wishes to appoint a Financial Director who will be a key member of the management team responsible to the Managing Director for all accounting and data processing activities.

The successful candidate will be a qualified accountant aged 30 to 40, and will be able to demonstrate previous achievement which will indicate an ability to:

- manage a department of 30 people
- develop and implement relevant information and control systems
- contribute to profitable commercial development
- identify and control effective mini-computer applications.

Opportunities occur from time to time for further advancement within the Group, both in the UK and overseas, in the fields of finance or general management.

An attractive remuneration package is offered including car, pension, life cover, BUPA and assistance with relocation expenses where appropriate.

Résumés, which will be acknowledged and forwarded to our client unless a covering letter gives contrary instructions should be sent to R A Bradford, Executive Selection Division, Ref. R822.

Coopers & Lybrand associates

Coopers & Lybrand Associates Limited
management consultants
43 Temple Row
Birmingham B2 5JT

Japanese Portfolio

£10,000 to £15,000

Major Institution

Our client, a major overseas institution with considerable funds under management in London, seeks an additional analyst to complete their investment team.

The successful candidate will probably be aged 26 to 35 with a proven track record in investment research, knowledge of the Japanese market plus concise written and verbal abilities.

The position will involve taking over responsibility for economic, industry and company research and analysis for the management of the Japanese portfolio. Some assistance may also be required with other Far East portfolios.

Remuneration, by the way of salary and benefits, should certainly appear attactive to the right person and prospects within this recently established team are excellent.

Please contact F. J. Stephens who will treat all enquiries in the strictest confidence.

Stephens Associates
International Recruitment Consultants
35 Dover Street, London W1X 3RA. 01-493 0617

Qualified Accountant

City of London c.£19,000p.a.

Due to the restructuring of the Department, Midland Bank requires a qualified Accountant, aged 40-45, for a senior position within its Group Finance Department.

Group Finance Department's function within the Finance Division of the Bank includes detailed consideration of financial matters affecting the Group, the preparation of the accounts for the Group and certain subsidiaries, the measurement of performance of subsidiaries, as well as dealing with many projects of an ad hoc problem-solving nature.

In addition to the quoted salary, the Bank provides a non-contributory pension scheme, a subsidised house mortgage, a profit-sharing scheme and other fringe benefits.

Applications, enclosing a comprehensive curriculum vitae, should be sent to:
Mr. E. C. Davies,
Assistant General Manager (Finance),
Finance Division,
Midland Bank Limited, Head Office,
Poultry, London EC2P 2BX.

Midland Bank

COMPANY NOTICES

M.T.D. (MANGULA) LIMITED
(Incorporated in Zimbabwe)

Directors: Commander H. F. P. Grenfell, DSC, RN(Ret'd), Chairman; W. J. Wilson*, Deputy Chairman; H. C. Iversen†; W. C. S. Kotze*; Dr. N. Kupara**
* South African † German ** Zimbabwean

ANNOUNCEMENT OF RESULTS

Summaries of the audited operating results, profit and loss account and appropriations for the year ended 30th September 1980 as follows:

OPERATING RESULTS (metric tons)

	Ore Milled 1980	Ore Milled 1979	Recoverable Copper 1980	Recoverable Copper 1979
Mirlam	1,203,000	1,294,000	9,293	10,986
Norah	534,000	535,000	5,145	5,454
	1,737,000	1,829,000	14,438	16,440
Smelter production			14,472	16,816
Sales			15,283	17,307

PROFIT AND LOSS ACCOUNT (Z$000s)	1980	1979
Working profit	12,665	10,172
Interest (net), Dividends, sundry income less other expenditure	(11.9)	(109)
Profit before taxation	12,546	10,063
Taxation	3,305	3,553
Profit after taxation	9,241	6,510
Appropriated as follows:		
Dividends Nos. 42 and 43	7,600	5,400
Transfer to reserves	1,641	1,110
	9,241	6,510
Net capital expenditure	3,857	781
Earnings per stock unit (cents)	46.2	32.5
Dividends per stock unit (cents)	38.0	27.0

The annual report for the year ended 30th September 1980 will be posted to members on or about 5th December 1980 and the annual general meeting will take place in Salisbury on 20th January 1981.

DECLARATION OF DIVIDEND

Notice is hereby given that Dividend No. 43 of 9 cents per unit of stock has been declared payable to stockholders registered in the books of the company at close of business on 7th November 1980.

The dividend is declared in Zimbabwean Dollars and warrants in payment, subject to exchange control consent, will be posted from Salisbury, Johannesburg and London on or about 5th December 1980.

Dividends payable from London and Johannesburg will be paid in British Pounds Sterling and South African Rand respectively at the rates of exchange ruling on 28th November 1980.

Zimbabwean non-resident shareholders' tax at the rate of 20% will be deducted from dividends due to shareholders whose addresses in the share register are outside Zimbabwe.

The transfer books and register of members will be closed from 8th to 14th November 1980, both dates inclusive.

By Order of the Board
M.T.D. MANAGEMENT SERVICES LIMITED
Secretaries
Per: A. W. BRADSHAW

Transfer offices:
First Floor, Trustee House, 55 Samora Machel Avenue, Salisbury
29 Harrison Street, Johannesburg 2001
6 Greencoat Place, London SW1P 1PL
London
22nd October 1980

PUBLIC NOTICES

CITY OF LIVERPOOL BILLS

£12,200,000 Bills due 14th January 1981 dated 15th October 1980 were tendered for at an average rate of discount of 14.3192 per annum. These Bills were issued to replace £12,200,000 Bills repaid on 15th October 1980 and are the only City of Liverpool Bills outstanding.
John Hill,
Treasurer of the City.

METROPOLITAN BOROUGH OF BURY

£2,000,000 Bills issued 22nd October 1980 due 21st January 1981 at 14.328125 per cent. Applications £17,000,000. These are the only Bills outstanding.

CLUBS

EXHIBITIONS

THE WORSHIPFUL Company of Goldsmiths announce "Passing Out 1980," an exhibition of graduate students' work from art schools from all over the country. 15-17 October, 1980. Mon.-Fri. 10.15-5. at Goldsmiths' Hall, Foster Lane, EC2. Admission Free.

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

Glimpses of the future

BY GEOFFREY CHARLISH

THE SHAPE of things to come in three important electronics areas—mobile radio networks, small assembly automation and integrated circuit production—has been outlined by the UK research arm of Philips at Salfords, Surrey.

The mobile radio project is good news for all those users who experience interference and for intending users who are having trouble with channel allocation in the first place.

According to project leader Dr. Chris Davis demand for channels will completely outstrip supply unless something is done—and he and his team have a solution which at the minimum could effectively provide two or three times more channels and at best perhaps 10 times.

Basically the idea is simple: if a number of organisations in one area are using several base radio stations each with several allocated channels, it is unlikely that all of those channels will be in use for all of the time. An analogy is the PABX; there may be say, 1,000 employees with phones but only a dozen or so outside lines.

In mobile radio this approach is called dynamic channel allocation (DCA) and the Salfords team has brought the microprocessor to bear to deal with the allocation.

Base station microphone inputs are connected to an electronic switching system which, through the micro controller are connected to whatever radio transmitters are available. Clearly, the mobiles have to communicate with the base to make the right decisions. Thus, a channel (not necessarily always the same one) has to be used for signalling. The sequence of events, therefore, when a mobile calls for service, is that it first finds the signalling channel with its own micro-based scanner, "talks" to the base, and the two micros between them decide which channel is to be used.

The existence of intelligence at both ends of the system means that other facilities can be incorporated. For example, if a mobile caller finds all the channels are busy he simply puts his microphone on the hook and waits. His demand will have been registered at the centre and queued: a signal lamp will tell him when he can go ahead.

In bigger systems Philips envisages mobile sets with keypads with which it will be possible to "dial" other mobiles.

These techniques call for "frequency agile" mobiles and the team have developed synthesiser circuits to generate channel frequencies that can be changed instantaneously: just two integrated circuits are involved. At a recent demonstration, a small add-on that would convert a normal mobile set to DCA was shown.

Used in conjunction with single-sideband working (a technique that allows more channels to be crammed into the available spectrum), Philips believes that in effect, ten times more speech (or data) channels can be made available. The system is on trial at the Home Office.

On the manufacturing scene, "robots" are attracting attention, although many of them are essentially programmed arms that repeat the same action. At the Salfords laboratories a team under J. A. Weaver is attempting to give perception and intelligence to an arm that could be used to assemble items that might be presented to it in a variety of ways.

The team has been quite successful in giving the arm vision which it can then use to position itself correctly with regard to both assembly and added part.

Mechanically, the unit is essentially a gripping pair of fingers that can be bodily moved back and forth, sideways or up and down; in addition the axis of the fingers can be rotated.

The "eyes" of the machine are not on the head itself but on the horizontal platform below on which pick-up and assembly are to take place. They consist of two television cameras which look across the platform surface to give two lines of sight at right angles. The cameras see a silhouette of whatever parts are at the pick-up and assembly positions, which can be anywhere within the cameras' view.

Black on white pictures from the cameras are continuously and rapidly digitised, that is to say each transition from black to white in the silhouettes can be made to electrically represent a known point with regard to the centre-line of the television camera. A computer looks at all the data, makes appropriate calculations, compares with positional data from head itself and then drives the "fingers" via servo mechanisms to exactly the right position.

At a recent demonstration this research machine was able to identify and pick up a non-uniform metallic ring and assemble it on to the mating part (a sliding fit) in about five seconds. But the unit can already be programmed for a variety of tasks.

At a rather more fundamental electronic level, H. N. G. King's team has developed a method of "printing" integrated circuit patterns directly on to silicon slices using electrons rather than light, the current method in the semiconductor industry. It is necessary to move towards this "electron lithography" because the conductor / device spacings on ICs are now approaching the micron (millionth of a metre) dimensions of the wavelengths of light. Such dimensions imply over 250,000 separate devices on a "chip."

First, the printing "mask" is made using established electron etching techniques: 10 of these might be needed for successive processes on a circuit. The problem is to use each of these in turn to print, within a fraction of a micron, on to the silicon: the registration has to be precise.

Edge definition of 0.1 micron has been achieved using an in-vacuum process in which a coating on the mask is made to emit electrons when exposed to ultra-violet light.

The electrons pass through the mask only where there are holes and are accelerated and focused on to the silicon wafer behind, thus "exposing" the whole slice at the same time. The same electrons strike special markers on the slice which emit X-rays, the strength of which allows very exact registration.

This robotic arm has TV "eyes" to enable it to see, pick up and precisely place components.

● **COMMUNICATIONS**

No-cash card war warms up

ONLY A few days after the public announcement by Landis and Gyr of a 200 instrument trial order from British Telecom for its "holographic" telephone credit card system, Emidata has revealed it is working closely with a Swiss company Autelca AG to develop a similar idea, but based on a special magnetic medium on a plastic card instead of inscribed holograms.

Basis of all these systems is that instead of using money a caller inserts a pre-purchased card which he "plugs into" the phone box and which is unalterably debited as the phone call proceeds.

But there are a number of ways in which this can be done so that in due course each PTT will have to make up its mind about a system based on suitable trials.

Emidata admits that it has no trial in progress with the Post Office at the moment; it expects such a trial will take place by the third quarter of next year and makes the point that none of the European PTTs is likely to make a firm decision about volume purchasing before the end of 1982.

Advantages of these systems to both user and PTT are considerable and some experts believe that at least half of the world's phone boxes will operate in this way in due course. The user need not worry about having the right coinage, jammed coin slots and the like, while for the PTT use of such systems obviates cash collection from booths, makes the boxes a useless target for thieves and, as one industry spokesman put it, "works wonders for cash flow"—a reference to the fact that a sold card yields immediate cash which is not consumed in terms of "product" for some time.

Emidata is probably pinning its faith on the relative simplicity of its particular card. However, although it looks like many others, with a magnetic oxide stripe across the long dimension, the similarity ends there.

When the stripe is manufactured the tiny needles of magnetic oxide are given special treatment. With ordinary tape, they are made to lie parallel with the tape length by a magnetic field applied during the wet stage. The new tape does have this field applied, but immediately afterwards a pulsed field is applied at 90 degrees to the tape making the needles, at intervals, lie across instead of along the length.

According to the company this pattern forms an absolutely secure basis for card debiting. The tape is laminated to the card and the "marks" made on it can be removed magnetically during the progress of the phone call. However, although the magnetism in the oxide is removed, the orientation of the oxide needles remains. Any attempt to restore magnetism in the right places so as to give the card new or additional value are, according to Emidata, doomed to failure.

The man in charge of the project at Windsor, Simon Wyatt, told the Financial Times that these cards had been given to a number of top level engineers and scientists within the Thorn-EMI organisation and that so far none had been able to fool the magnetic reading unit in the phone booth.

Clearly, the system makes it impossible for cards to be forged using ordinary magnetic tape—the requisite implanted "needle" patterns will simply not be present.

In the new product the cards will be made by Emidata, which claims to be the world's largest manufacturer already, and the telephone equipment by Autelca.

Apart from the Landis and Gyr and Emidata systems, however, there is a third, with origins in France (Societe Innovatron, Paris) which gives the card memory in the form of a semiconductor integrated circuit together with the ability to think for itself to a certain extent. Although such a card is mainly of interest in banking where its own "brain power" might be made to lift processing loads from customer terminals and mainframes in the clearing banks, it could also be applied to telephone charging.

Random access memory (RAM) built into such cards could contain much more variability and would be capable of being restored to its original value by the authorities—it would be re-usable.

But this is seen as a negation of the idea of complete security by Wyatt of Emidata. "It is certain," he points out, "that if the authorities can restore the value of a card, then the criminal will eventually find out how to do it as well."

Will speed the data

AN ADDITION has been made by British Telecom to the Datel system for the transmission of data over telephone lines. The new service is called Datel 1200 Duplex and it allows computer data to be sent over the public dialled telephone network at four times the speeds previously available.

The new service offers full duplex (that is, both way data transmission at the same time) working at 1,200 bits/sec over single exchange line connections to the public phone network.

Until now, this facility has been available on dial-up only on the Datel 200 service, which provides full duplex working at up to 300 bits/sec. All other duplex transmission requires private circuits or else two exchanges lines connected to the modem.

● **PROCESSES**

Paper and film slit and wound

A MACHINE, claimed to be the most advanced of its type to be manufactured entirely in the UK has been designed for the accurate slitting and rewinding of films, papers or laminates for plastic film manufacturers and makers of flexible packaging.

It has automatic rewind stations which, when full, present the machine with a fresh set of reel cores. This means that the machine can keep producing finished, slit reels non-stop until the unwind reel is exhausted.

Needing only one operator the machine operates at speeds up to 350 metres per minute, has a maximum unwind reel width of 1,650 mm and a maximum rewind reel diameter of 450 mm. The machine is manufactured by Atlas Converting Equipment, Stuart Road, Kempston, Bedford (0234 852553).

● **SAFETY**

Gives heat and removes gas

A GAS purging unit—an electrically driven ventilating heater—has been designed specifically for use in manholes and other confined spaces, announces RTD Swan, Swan Close Road, Banbury, Oxon. (0295 3494).

It promises to give welcome heat for those working in cold, damp conditions and is said to be extremely effective in purging any dangerous gases, such as methane, carbon monoxide, or sulphur dioxide, which may be present.

The GPO has already taken delivery of 40 of these units which the company sees as particularly beneficial to gas, electricity and water Boards, and many contracting organisations.

● **INSTRUMENTS**

Dampness checked in the home

A SIMPLE electronic moisture meter which the home-owner can use to check his house regularly for the presence—or absence—of excess moisture, is available from Protimeter, Meter House, Fieldhouse Lane, Marlow, Bucks. (06284 72722).

Instrument comes with instructions on diagnosing—and, if necessary, putting right—the problem, a voucher for one free laboratory analysis of a plaster sample for soil salts (found only in cases of rising damp) and the whole package costs £25 inclusive of postage, packaging and VAT.

● **COMPUTING**

Speeding the service

ONE OF the few British owned companies making terminals, Videcom of Henley-on-Thames, is to supply over 200 video display units and printers to British Rail.

They will be linked into a network centred on an IBM 360/155 at Nottingham to provide on-line ticketing and reservations services for Sealink and for British Rail's East Coast main line stations.

FINANCIAL TIMES SURVEY
Thursday October 23 1980

Wrexham Maelor

The borough now finds itself having to cope with the cutbacks, redundancies and short-time working common to industry elsewhere. But a willing workforce and good labour relations—plus the pleasant town of Wrexham and its surroundings—are still attracting companies, including a number of big groups from overseas.

Facing realities of the economy

By Robin Reeves
Welsh Correspondent

THIRTEEN YEARS ago, the Firestone Rubber Company arrived in Wrexham amid a blaze of publicity to build a brand-new tyre manufacturing plant. It was warmly welcomed as a major boost to employment opportunities in a community suffering from the rundown of its traditional industries, notably coalmining. The project promised eventually to provide 2,000 jobs.

Earlier this month. Firestone paid off its workforce of 800 (the number employed had in fact never exceeded 700) and closed the plant down.

The company has no complaint against Wrexham; by conventional standards, the plant has been a success. But the economic realities of Britain in 1980 dictate that Firestone's UK market needs are best supplied in future from France and Italy.

Wrexham Maelor, like many other parts of Wales and the rest of the UK, has suddenly found itself thrust, through no fault of its own in the front line of the Government's radical economic strategy and it is not enjoying the experience. Cutbacks, redundancies and short-time working are now hitting enterprises which, until a few months ago, appeared safe from the ravages of a recession: modern companies which Wrexham Maelor assumed would provide stable employment for the foreseeable future.

The Borough of Wrexham Maelor is a product of the 1974 re-organisation of local government, which brought together Wrexham Borough Council, Wrexham Rural District Council and Maelor Rural District Council to create the second-tier local government unit in the Welsh county of Clwyd. But, unlike some of the results of re-organisation, Wrexham Maelor does reflect a long-standing communal reality.

Wrexham town, with a population of about 40,000, has long been the natural focus of the surrounding hinterland and even further afield. It is the largest town and, effectively, the administrative capital of North Wales. Its famous sons include Judge Jeffreys and Elihu Yale, the benefactor of Yale University, Connecticut—a replica of Wrexham's majestic parish church steeple, one of the seven wonders of Wales, has been built on the university campus.

Wrexham Football Club's successes since it was promoted to the Second Division three seasons ago have spread the town's name across Europe. There is an excellent new stand at the Old Racecourse ground, where the crowd's enthusiasm makes the games an enjoyable experience. Wrexham is also the headquarters of the Football Association of Wales.

Within the town's immediate vicinity is a patchwork of industrial villages with intriguing Welsh names like Rhosllanerchrugog, Coed Poeth (literally translated it means Hot Wood) and Cefn-y-bedd. "Rhos" is known as the biggest village in Wales. With a population of nearly 10,000, strongly Welsh-speaking, it has contributed many distinguished people to Welsh educational and cultural life and still boasts two male voice choirs with international reputations.

Precision

Industry and economic change are nothing new to Wrexham Maelor. Iron pipes and cylinders cast at Bersham, a couple of miles from Wrexham, were internationally known in the second half of the 18th-century. John Wilkinson, the owner of Bersham Foundry, was an associate of James Watt, who built the steam engine and the product precision he achieved is credited with having made possible the development of the first steam locomotive.

As early as 1793, Wilkinson established a smelting works at Brymbo, a few miles to the west of Wrexham. Today it is the site of GKN's modern Brymbo steelworks, which has become another casualty of the recession. It has just announced a cut of 350 in its workforce and, earlier this year, 250 jobs were cut.

However, it is a measure of Brymbo's value and the skills of the local workers that GKN chose to buy back the steelworks from the British Steel Corporation a few years after it had been incorporated into the nationalised sector. The company has since invested £48m to install a new finishing mill, opened earlier this year. The plant manufactures low and medium alloy and special carbon steel billets for the automotive and engineering industries.

Brymbo and the other industrial villages to the west of Wrexham town grew up in the 19th century to exploit the lead and zinc, ironstone and limestone and coal seams found in the western hillslopes. The coming of the railways further fuelled the area's growth. In Wrexham itself, brewing and tanning established themselves as important industries. Lager was first brewed in Britain at Allied Breweries' Wrexham site and is still strongly associated with the town.

But, given the predominantly extractive industrial base, the area inevitably suffered badly from unemployment during the Depression. Immediately after the 1939-45 war, a determined start was made towards diversifying the local economy.

Spacious

In 1946, the Welsh Development Agency's predecessor, the Welsh Industrial Estates Corporation, took over the spacious site of a Royal Ordnance factory on requisitioned land to the east of the town and converted it into the Wrexham Industrial Estate. Johnson and Johnson (now British Tissues) was the first company to move in, followed by British Celanese, the Courtaulds' subsidiary. This in turn attracted subsidiary textile enterprises and LEGO (UK).

The decline of coal and other extractive industries in the 1950s and 1960s accelerated the need for new industry. More than 5,000 mining jobs disappeared as pits were run down and closed. Today the Borough contains only one colliery, Bersham, employing 600 men.

But the local government of the day moved quickly to attract new employment opportunities by converting disused colliery sites and buildings for light industrial use. The area recognised, before many other parts of the country, that, given a positive approach, new industry could be attracted in from outside. Monsanto which has had a plant at Ruabon, in the south of the Borough, since 1921, was the first overseas-owned company to come to Wales.

Armed with the vigorous Regional Development policy developed by the Government in the 1960s and 1970s, the area achieved conspicuous success in attracting major new investment projects to replace the jobs being lost in its traditional industries. British Insulated Calendar Cables (BICC), ITT, Dunlop, Rubery Owen and Metal Box, as well as Firestone, were among a wave of well-known companies which were persuaded to invest in large manufacturing facilities in the Borough.

A very active approach towards attracting new industrial investment has been maintained by the new Wrexham Maelor administration and the influx has continued, in spite of the more difficult economic climate since 1974. Recent investments, which any local authority would be proud to secure, include major new plants for Kelloggs (UK), the breakfast cereal manufacture, fibeglass. the Pilkington's subsidiary, Tetrapak Rausing, th Swedish packaging group, th Chicago-based Continental Ca Company (UK), and Hoya Len the first Japanese owned com pany to establish itself in Nort Wales.

The trouble is that th optimism generated by these important new arrivals an other smaller ventures, is bein more than offset by the jo losses in established enterprise. The rundown of iron and steel making at BSC's Shotton steel works provided the first majo shock.

Rundown

Shotton is in the neighbo ing borough of Alyn and De side and about 1,000 of t more than 7,000 who lost the jobs in the rundown earlier th year, live in the Wrexh Maelor area. Since then, the has been a depressing fl of announcements of redund cies, short-time working a closures. Unemployment in t borough is up from still d turbingly high 11 per cent year ago to 15.3 per cent a still climbing.

A sign of the times is that ERF, the commercial vehicl manufacturer based at Sandbach, across the English borde in Cheshire, is postponing a £10m expansion project at Wrexham which will create 450 jobs in the assembly of a light range of trucks, until the outlook becomes more favourabl.

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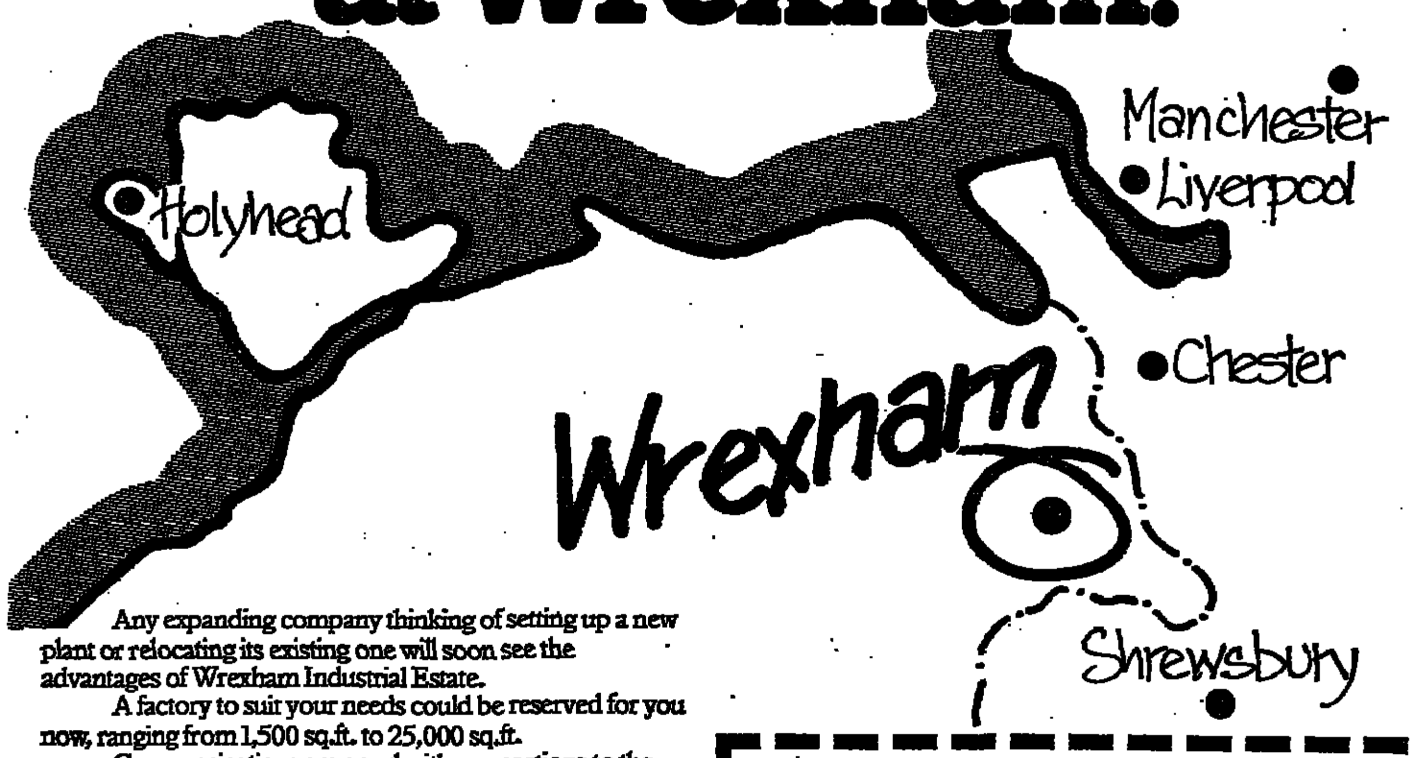
CONTENTS



WREXHAM MAELOR II

More international groups arrive

A FEW miles east of Wrexham on the Wrexham Industrial Estate the Japanese lens manufacturer, Hoya, opened its new British plant earlier this month—the latest in a growing list of Japanese companies in Wales but the first to settle in the northern part of the Principality.

Also this year on the same estate the world's biggest packaging company, Continental Can of the U.S., with annual sales of more than $5bn, has begun its assault on the UK beverage can market. Continental is spending about £25m (including working capital) at Wrexham where it is occupying 136,000 sq ft of floor space and will be employing 200.

Another major packaging group, Tetrapak of Sweden, has also started supplying the British market with its containers for milk and other liquids from a new plant in the town. Over 25 years ago the company developed a system for packaging milk in sealable waxed board containers and now supplies more than 26bn a year to markets around the world.

Other big events in Wrexham's calendar over the past year include the spending by GKN, the engineering group, of more than £50m on new steel-making facilities at its Brymbo special steels plant, enabling it to offer a higher quality product to customers in the vehicle, general engineering, mining and offshore oil industries.

Wrexham, in short, has again this year seen significant industrial investment, and has once again added to the impressive list of important international groups it houses. Indeed there are no doubt many bigger towns which at a time when very few footloose companies are to be found would have been happy with just a few of the big names Wrexham has landed over recent years.

Three years ago Kellogg Company of Great Britain moved a major part of its cereal-making to Wrexham because of the difficulties in expanding further at its Manchester base. Another major American group, Kaiser Aluminium, is also investing in a fertiliser plant in the town, and earlier arrivals in the 1970s have been E. Gomme, the G-Plan furniture makers, BICC, the cable manufacturers, and Dunlop, which has put up a rubber and plastics factory. The Courtaulds group too has a strong presence in the area, mainly through its British Celanese subsidiary.

Decline

But although Wrexham has shown itself able to attract a wide range of new manufacturing investment and has had no difficulty in absorbing the new arrivals, its success has to be measured against the size of the problem the town faces as a result of the decline of older industries and the massive unemployment their demise has left.

Wrexham's industrial past was based on the wealth of mineral deposits to its west—coal, ironstone, lead, zinc, silicon and limestone—which helped to establish it as an early mining, iron-making and brick-making centre.

Wrexham itself has an even older history as a market town serving the rich agricultural areas to its east, and had earlier developed strong leather and brewing industries.

The post-war years, however, have seen a rapid decline in the area's traditional base, in particular its mining activities. Employment in extractive industries in the district has shrunk from 7,000 in 1961—itself a sharp drop on earlier years—to around only 1,000, and the area now contains only one colliery.

There have been substantial reductions too in the numbers employed in other traditional industries. New building methods and materials, for example, have hit the once large tile and brickmaking activities of the areas, though a number of building materials groups, such as Dennis Ruabon and Concrete Masonry, remain.

Wrexham has more recently been badly hit by the decline in the UK steel industry. Though the Brymbo works has been given new life as part of the GKN group (which purchased it back from the British Steel Corporation) its labour force has been cut back substantially, and recession-hit markets have resulted in output being greatly reduced. Much more serious for Wrexham has been the closure of the BSC's Shotton works on Deeside. About 7,000 jobs were lost, roughly 10 per cent of which were held by men from the Wrexham area. The effect of this and other closures has been to take male unemployment in the town to nearly one in five.

The recession has also taken its toll of new companies that have moved into Wrexham to fill some of the gaps left by the decline of older industry. Some 600 jobs will go with the closure shortly of Firestone's tyre factory as part of the group's withdrawal from UK tyre manufacturing. Firestone's problems are very largely the result of the poor performance over recent years of the UK motor industry, and the heavy penetration of the UK market by foreign cars already equipped with tyres. This, together with direct competition from cheap East European imported tyres has been responsible for over-capacity in tyres—a sector identified only ten years ago as likely to show strong growth.

Two companies supplying vehicle components — BD Altruck and Rubery Owen—have also closed in Wrexham. The ERF commercial vehicles group, which was planning to build a new plant at Wrexham, announced this summer that the investment was being postponed probably for several years.

At the same time, as a result of the recession and the pressures on UK industry of high-interest rates and a strong pound, a number of other companies in Wrexham have had to reduce manning to cut costs. Rubery Owen-Rockwell, for example, which has produced more than 400,000 axles for commercial vehicle trailers since starting in Wrexham in 1971, has recently had to halve its labour force and cut output because of a collapse in demand in the UK.

The company's French and Dutch subsidiaries have continued to generate reasonable sales on the Continent but at greatly reduced margins because of the strength of sterling. Sales director, Mr. John Stanford, points out, however, that capacity is being maintained at Wrexham in anticipation of an upturn.

Another comparatively recent arrival in Wrexham, Fibreglass, part of the Pilkington group, has also been badly hit by weak UK demand and has been forced to dismiss around 160 of its 800-strong labour force.

Nevertheless, although the contribution individual companies can make to reducing unemployment has been less than had been hoped, Wrexham does have a number of assets which it hopes will enable it to continue to attract new industry. Even before local government reorganisation in 1974 the former Wrexham District Council had undertaken an extensive programme of clearance at old collieries, brickworks and other derelict sites. This policy has been actively carried on by the new authority, Wrexham Maelor, which has responsibility for the town and surrounding areas.

Some of the bigger projects attracted since the war have gone to a huge industrial estate developed by the Welsh Industrial Estates Corporation and its successor, the Welsh Development Agency, on a former munitions factory site. A number of small estates, mainly on former mining or other older industrial sites, have been developed by private groups.

The size of the problem has also been recognised in the Government's decision to upgrade Wrexham to special development area status.

As well as taking into account grants, however, most companies considering a major investment now undertake an audit of labour relations, and here Wrexham's good record has been a substantial asset. Because of its connection with mining the area also has a tradition of shift working, another characteristic modern manufacturing industry is looking for, as Continental Can points out.

"Our production process will be highly automated and we make the return on our heavy investment by keeping the plant running for the maximum possible number of hours per year." Mr. Alan Simms, the company's Wrexham manager, points out..

Continental says it has been looking in Wrexham for individuals willing to respond to the problems and difficulties of starting up a new operation without close supervision and who will be totally flexible in their attitudes.

Markets

In its efforts to attract industry Wrexham has also benefited from its geographical position, which puts it close to the major markets of the North West of England and the Midlands and to the major ports of Liverpool and Manchester and to Manchester international airport. Though some gaps remain to be filled the town now has high-class roads connecting it with the M6 and M56 motorways across the border with England.

The contribution which the many incoming companies to the area can make towards solving its problems is likely to become apparent only when the recession lifts and higher levels of output and further recruitment become possible. However, Wrexham has managed over recent years to increase its representation in the growth sectors of the economy and to reduce its dependence on those that are declining.

The beverage can market supplied by Continental Can, for example, has been expanding rapidly over recent years and the company has already started on a third line which is due to be commissioned in spring next year. This will enable the plant to produce 250m 16oz beer cans on top of its present annual capacity of 550m 12oz soft-drinks cans.

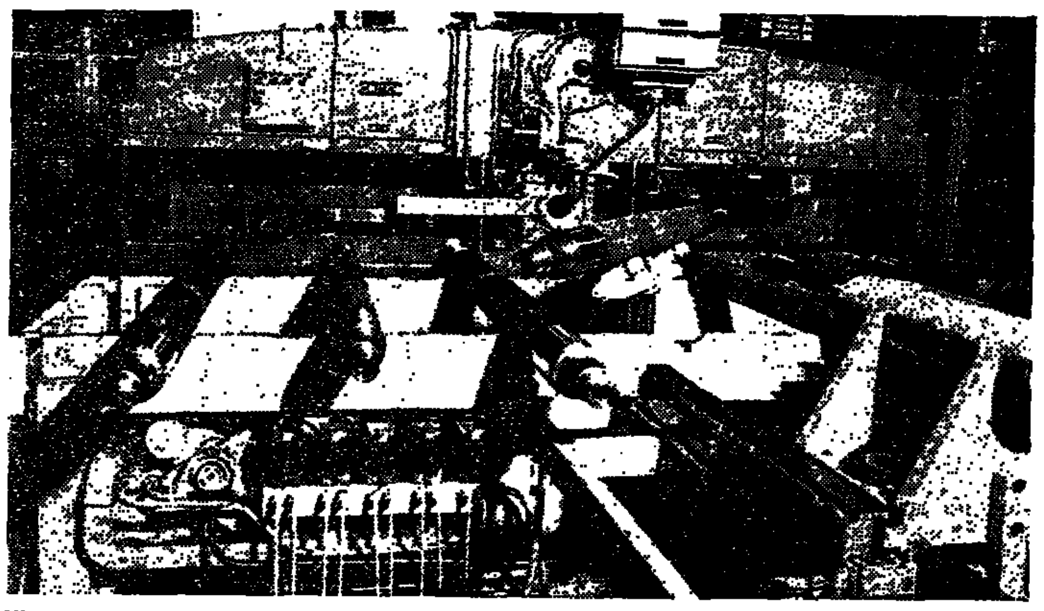
Packaged milk and fruit juices, the market supplied by Tetrapak, is also expanding rapidly. Wrexham is also the base for Kellogg's manufacture of bran products—one of the fastest growing segments of the breakfast cereal market.

The need remains, however, for more growth industries if the area's high rate of unemployment is to be brought down closer to the average UK level. There are gaps too in the number of jobs available for women and in the service sector. The most important factor will clearly be a return to world economic growth but even without this, there remain some encouraging signs, local development bodies argue.

The Welsh Development Agency says that inquiries for sites, while down on the figure a few years back, are still coming in and a new factory building programme by the agency will create an additional 300,000 sq ft of space in various sizes of unit by the middle of next year. Just how quickly the agency can let or sell these properties remains to be seen. But if Britain is showing any signs of coming out of recession by next year, Wrexham could well be one of the bases from which companies, on past evidence at any rate, will want to rebuild their sales.

Rhys David

Wrexham offers industrialists a useful base. Above: Concrete Masonry Group's plant at Llay; and (below) truck axle beams being produced on automatic machinery at Rubery Owen-Rockwell's plant, also at Llay



Realities

CONTINUED FROM PREVIOUS PAGE

In the circumstances, Wrexham Maelor could be forgiven for being depressed, even despondent. But while local authority leaders are deeply concerned at the current situation, they see grounds for longer-term optimism, given an improvement in the overall economic climate.

Among their reasons are the fact that Wrexham Maelor has amply demonstrated its ability to compete successfully for first division industrial expansion projects from both home and abroad. Given an upturn, it has the sites and factories available for potential investors to move into quickly and plans for further improvements in road communications, linking the area more closely to Britain's motorway network, are well advanced.

Again, under the regional policy changes announced by the present Government, Wrexham was upgraded to Special Development Area status, because of its high unemployment level, giving the Borough a significant edge in the provision of financial incentives.

Another cause for cautious optimism is that inquiries by potential incomers are continuing, despite the intensity of the squeeze. Specialist companies in sectors such as plastics, engineering services and electronics are evidently still getting more orders than they can cope with, using their existing capacity.

There is also surprising buoyancy in the commercial sector. As a shopping centre it has something of a boom atmosphere and is more than holding its own against Chester, only half-an-hour's drive away. Cynics are suggesting it reflects the large amount of redundancy money being paid at the moment, but a good deal of private redevelopment of commercial property is taking place and the town is continuing to attract the best-known High Street names in the retail trade.

Finally, there are the testimonials of the many companies which have settled in Wrexham over the past two decades and which are delighted with the experience.

Wrexham Maelor recognises that denting the present level of unemployment is going to be no easy task. The Borough's experience shows that jobs which disappear overnight take years to replace, even under the most favourable circumstances, and it is in places like Wrexham Maelor that the success or failure of the Government's radical economic strategy must ultimately be judged.

WREXHAM MAELOR III

The town has a persistently high level of unemployment which has created a large reservoir of available labour. A willingness to accept a single union per plant, under a Wales TUC agreement, is improving negotiations on wages, conditions and disputes. There are plenty of opportunities for training and retraining but there is heavy demand for the courses.

Industrialists confident in abilities of workforce

A hot steel billet travels from the mill to be cut to length, at Brymbo Steel Works. The new, computer-controlled £50m finishing plant, opened in June, has boosted Brymbo's annual rolling capacity from 425,000 to 600,000 tonnes

ANY NEW industrial or commercial venture establishing in Wrexham these days has no difficulty in finding the right personnel because of the high level of unemployment. Over the past year it has risen from under 12 per cent to 15.2 per cent, or more than 6,000 at the last count and is still rising.

According to the Manpower Services Commission's Wrexham Job Centre, the actual reservoir of available labour is certainly higher, for the reason that many women who have lost their jobs in the area's recent spate of redundancies are not bothering to register. The number of men unemployed totals 4,160 or 16.9 per cent.

On top of this, unfilled vacancies on the Job Centre's books amount to only 100, compared with about 400 this time last year. So the centre is currently able to supply practically all the skills an incoming employer might require; the exception would be one or two highly-specialised engineering skills.

Despite Wrexham Maelor's persistently high unemployment level since the rundown of its traditional industrial base began in the early 1960s, the age structure of the population remains well-balanced. Of a total population of 107,000, more than 10,000 of those economically active were under 25, and more than 35,000 were aged between 25 and 65.

About 40 per cent of the working population is occupied in manufacturing, which is well above the national average.

Wrexham Maelor is well-endowed with education and training facilities. The borough has its own MSC skill centre, with places for 280 trainees at a time, which offers a wide range of courses in the engineering, construction and mechanical trades.

It is another measure of the current economic climate that the available places for the majority of courses have been filled and there is a lengthy waiting list. One reason is that a significant number of ex-Shotton steelworkers have been using the breathing space provided by the British Steel Corporation's generous redundancy payments either to acquire marketable skills or broaden the skills they practised at Shotton. For example, some of the fitters from the works are training at the skill centre as toolmakers.

Advice

Trainees sponsored by their employers can be trained at the centre to company training plans. And companies with their own training schemes can be given free professional advice by mobile instructors on their own premises.

In addition, there is a wide range of courses available at institutions of higher education in the area. Aston Technical College, Cartrefle College and Wrexham School of Art—all come under the North East Wales Institute—offer courses ranging from catering, bakery and commerce to management studies, printing and art and design.

When it comes to labour relations, the number of international companies which have chosen to open plants in Wrexham Maelor is a better advertisement than most of the borough's good record. Given Britain's image abroad in this respect, this is something to which most overseas companies attach the highest priority.

One of the most recent arrivals, the Chicago-based Continental Can Co., examined the area's strike record very carefully before opting to establish its first UK manufacturing base at Wrexham, and found it to be highly satisfactory.

According to the local official of the Transport and General Workers' Union, there have been fewer than 12 disputes of more than a week's duration in the past ten years.

Another important plus in attracting new industry to Wrexham Maelor is the willingness of local trade union officials, under a Wales TUC agreement, to accept a single union per plant. The more satisfactory relationship this brings to negotiations on wages and conditions and the sorting out of disputes has enabled local council officials, on more than one occasion, to beat competition from rival areas of the country for particular manufacturing ventures.

Equally, new or expanding companies have little difficulty in persuading management and key workers to move to the area and stay. Housing is competitively priced, even cheap, compared with many other parts of Britain, and there is a wide variety of homes to choose from. And the very pleasant atmosphere of the town, with its excellent shopping and leisure amenities—plus some of Wales's finest scenery right on the doorstep — provide further attractions.

Robin Reeves

Staying put—in a new HQ

WALES has long suffered the branch factory syndrome. No matter how successful it is in attracting new manufacturing enterprises, headquarters and senior management tend to remain elsewhere. Lego UK, however, has just decided to buck the trend by building its new £1.25m marketing headquarters in Wrexham. This was after a detailed investigation which showed that there was nothing inevitable about having to locate a marketing organisation in the Midlands or South-East England.

COMPANY PROFILE

LEGO

Lego first became established in Wrexham because of a manufacturing licensing agreement between the Danish parent company and Courtaulds' British Celanese subsidiary on the Wrexham Industrial Estate. In 1977 Courtaulds' licence expired and Lego chose not to renew it but to transfer manufacturing to its Danish and Swiss factories, retaining only a marketing organisation in the UK.

With no strong reason for staying in Wrexham, the company's initial reaction was to move south. It was on the point of packing its bags to move to Northampton when Wrexham Maelor Council stepped in with the offer of a prestige site on the outskirts of the town, close to the bypass and with fine views of the surrounding hills.

On detailed investigation Lego found that the slightly higher distribution costs of staying in Wrexham were more than offset by the higher rent, rates and wages it would need to pay in the Midlands. Wages might be nominally the same but in practice it would have to pay over the odds to secure staff of the calibre and loyalty it had enjoyed in Wrexham. So the company decided to stay.

Lego these days is one of the shining stars of the toy business. Over the past five years its volume of sales in the UK has increased by 50 per cent. This year it is expecting a further 10 to 15 per cent boost in a market which is at best static.

The company's remarkable world-wide success clearly stems from the speed with which it has adapted the basic Lego building brick concept to current trends. An average of 40 new products a year have been launched in the UK in each of the last five years. The Legoland Space range, for example, which won the Toy of the Year award last year, is currently accounting for 15 per cent of turnover and the UK organisation is confident it could sell a further 15 per cent if supplies were available.

Not only does Lego's performance—as compared with the mixed fortunes of so many other toy companies at the present time—make its decision to stay all the more welcome. It has also provided Wrexham Maelor with hard ammunition to secure more than outlying manufacturing units.

R.R.

Success from failure

THE RECESSION is producing an alarming number of bankruptcies. But one Wrexham privately owned company has been vividly demonstrating over the past ten years that ailing companies are far from being beyond redemption given faith and good management. Concrete Masonry Group (CMG) of Llay, near Wrexham, began as a rescue purchase by its present chairman, Mr. Tudor Evans, and has since built up into a profitable diversified business with a turnover of £7m—entirely through the acquisition of companies which were in difficulties or receivership.

It was early in 1971 that Mr. Evans decided the time had come to leave the world of stockbroking in Manchester and London and go into business on his own account—armed only with a degree and an accountancy qualification. He admits he did not know the first thing about concrete. Nevertheless, he decided to sink a £75,000 inheritance into Concrete Masonry, then in the hands of the receiver after losing £50,000 on a turnover of £100,000. "Looking back, it was a mad thing to do," he says. But he was able to pick up the shares for one old penny each and arrange a cheap settlement with the unsecured creditors.

The venture got off to a shaky start. Concrete Masonry continued to lose money for the first few months, but then Mr. Evans got together with Mr. Roy Johnson, who has been his business partner ever since. Mr. Johnson did know something about concrete, having been managing director of Concrete Masonry under the previous owner before leaving for another local company, Dee Stone, which was by this stage itself running into difficulties. Mr. Evans agreed to bail out Dee Stone on condition that the company and Mr. Johnson joined forces with him. This was the Concrete Masonry Group born.

About the same time he heard that a Bath Portland Cement subsidiary was closing down a small brick company—Gwalth Bricks (Trefor)—in north-west Wales. Mr. Evans arranged to rent the site and buy the brick presses. Not only did the group keep the existing customers; it also made some money from this operation in the first few months.

Seen by hindsight, the turnround in CMG's main business was achieved relatively simply. It switched from producing a relatively expensive lightweight concrete block to a cheaper clinker-based block for housing and also began working two shifts so as to step up capital utilisation. This more quickly put the company on the road to profitability, though

COMPANY PROFILE

CMG

Mr. Evans stresses that the timing was fortunate. It coincided with the strong expansionist policy being pursued by the Heath Government.

With booming demand from the building industry, the group notched up a profit of over £100,000 in 1972 and 1973. This in turn provided an important cushion during a "horrible slump" in 1974 and 1975 when CMG barely made a profit.

In 1976, however, CMG's fortunes recovered strongly, thanks to the introduction of new thermal insulation building standards. The company was ready with a new three-slot concrete block of its own design and ahead of many of its competitors; sales soared. It even tried to take out a patent but it proved impossible to make the design specification tight enough to prevent near-copies.

The next phase in the group's expansion began in 1978. With turnover up to the £2m mark an offer was made and accepted for another ailing brick company—Dart Brick—near Wrexham. But the big jump came at the end of the year when CMG seized the opportunity to double its size by purchasing Premier Stone of Chester.

Founded in 1905, Premier was well known as a manufacturer of pre-cast concrete kerbs and slabs but in recent years had been losing traditional markets. Thanks to a good period of sales, CMG was able to beat a Charterhouse Group subsidiary with a cash offer on the table demanded by Premier. The result was a boost in the company's 1979 turnover and profits to £5m and £420,000 respectively.

The Premier purchase also resulted in the group expanding its field of activities into the north-west of England. Within a year it was again in the acquisition market, purchasing a 30-acre site at St. Helens, Lancashire, which had just been closed down by an Australian company making concrete pipes. CMG picked up the site for £350,000 payable over a period, along with three factories and some first-class concrete-mixing equipment. Premier St. Helens is now being moved on to the site from another part of the town and it will be developed as a major works.

This year the group has made its first move away from pre-cast concrete and diversified into another, but very different, branch of the building industry—ceramic tiles. It has purchased, again from the receiver, Shaws of Darwen, near Blackburn—a name well known in the trade for its specialist frost-resistant tile—and also Hereford Tile Company, which produces a general tile range and was threatened with closure.

Mr. Evans recognises that the group is now entering a different phase. The pre-cast concrete and bricks business is governed largely by transport costs and therefore is immune from competitive imports. Ceramic tiles, on the other hand, while they are an expanding market in the UK, face stiff overseas competition, notably from Italy. But if CMG's record to date is anything to go by, home-produced ceramic tiles are poised to make a significant comeback in their own market.

R.R.

Backwoodsmen at the CBI

BY ANATOLE KALETSKY

ONE OF the few advantages of government policies which appear to be aimed at the destruction of large parts of Britain's manufacturing industry is that they can create a sense of solidarity between workers and employers as they are both forced to confront the common enemy in Westminster.

The fears about Government macroeconomic policy which industrialists and workers share do seem to be leading to the recognition of new tracts of common ground on other economic and political issues. Indeed it could even be argued that this is one of the Government's deliberate aims in imposing its austere policies on the nation. The acceptance by trade unionists that there is a greater community of interests between industrial workers and their bosses than between, say, car workers and their comrades in local government, is an example of the "economic realism" which the Government is trying to instill.

One possible consequence of the increasing identification between workers and their employers is that it may become easier for the Government to "divide and rule" in its relations with the trade union movement. Another may be an abatement in pay demands, at least in those firms which are facing serious financial trouble. But the far more important fruits that should have been growing in Mrs. Thatcher's "autumn of understanding"—namely, a new appreciation of the benefits of co-operation between workers and management at all levels of industry—these fruits seem to be rotting.

Ignoring

The council of the Confederation of British Industry has decided to throw out the joint agreement on new technology which had been painstakingly drawn up by its own secretariat, in conjunction with the Trades Union Congress, in the first major co-operative venture to have emerged for seven years from these two normally adversary organisations. In doing this the CBI's backwoodsmen were not only overturning the recommendations of CBI leaders, but also ignoring discreet encouragement from the Government.

There may have been some legitimate fears that unions would simply use the agreement as an additional tool for squeezing more money out of employers in the event of any change in working practices or for blocking unfamiliar or threatening technologies. But this could not have been the real substance of the CBI hardliners' objections. After all, this is exactly the sort of behaviour which is typical at present, and which the agreement explicitly aimed to reduce.

Production

There are two more fundamental objections to an agreement of any kind. The first is the British businessman's terror of anything which smacks of industrial democracy or appears to circumscribe "management's right to manage." The fact that, in reality, British managers' ability to organise production is far more limited by restrictive rules than that of their counterparts in Japan or on the Continent, where consultation and co-operation with the workforce is the rule rather than the exception, has never cut any ice with many British managers. Few are prepared to make the imaginative leap to a system where the relationship between managers and workers is justified by the need for a rational division of labour, rather than by the prerogatives of share ownership.

The second, even deeper fear which prevails in Britain is that of centralisation. What really seems to annoy many CBI members is the idea of CBI and TUC bureaucrats making agreements over their heads. Of course, it is at the plant level that agreements between workers and managements are most important and, of course, each agreement must be dictated by individual circumstances. But this does not mean that central leadership and guidance is irrelevant or counter-productive. It is the uniquely Anglo-Saxon inability to see the distinction between co-operation and centralisation or between guidance and dictatorship that accounts for many of the failures of British and American firms to compete against the closely co-ordinated industries on the Continent and Japan.

Unravelling 'equitable estoppel'

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

THE OPINION is fairly widespread that judges first arrive at a decision, and only then look for suitable precedents to justify it. Some say that this is a cynical view to take, but it is not really. It means only that judges look beyond the legal technicalities of the case, and come to conclusions which they think to be fair and practical. Unfortunately, parties in dispute, and even their lawyers, often take a great fancy to the technicalities and rigid rules, if in their favour, and much unnecessary litigation is the result.

"Equitable estoppel" is one such technicality which makes a layman speechless. Using the old French for modern "stop" does the trick. The meaning is quite simple: a person is stopped from basing his case on the true state of affairs after he has observed how the other party has acted under a misapprehension and then said nothing to clear up the error. For example, if you observe your neighbour building a garden wall on your side of the boundary and do not warn him, you will not be able later to claim the wall is your property. This simple principle was invoked in two recent Commercial Court cases, unsuccessfully in the first and successfully in the other.

The first case* concerned a cargo of Volvo tractors shipped from Sweden to Hodeidah in the Yemen. On its arrival in Hodeidah in November 1976, the vessel could not unload as the port was congested and so went to other ports to discharge the rest of its cargo. In the meantime the charterers of the ship became insolvent, and in February 1977 the owners agreed with the consignees that they would make another call on Hodeidah, for the payment of an additional fee of $31,000.

The cargo was delivered, but the consignees refused to pay, arguing that they received nothing in return for their promise to pay the additional sum: they already had a right to have their goods delivered under the original pre-paid Bills of Lading. As there was no "consideration"—the sacred cow of the English law of contract—there was no contract, and should someone think that there was a contract, they hastened to add, it was voidable because the promise to pay had been made under duress.

The dispute came before an arbitrator, who held that there had been no duress, but accepted that the promise to pay an additional $31,000 was viciated by a lack of consideration, because it gave no additional benefit to the consignees. However, the arbitrator concluded that the owners acted in good faith on the respondent's promise to pay and were, therefore, entitled to the money under the principle of equitable estoppel. The consignees turned to the Commercial Court asking for the award to be set aside for errors of law. Mr. Justice Lloyd agreed with them on the issue of the equitable estoppel. He referred to the High Trees case** and cited Lord Denning of 30 years ago when he said in Combe v. Combe† that the principle could not be used to create a new cause of action where none existed before. It could be used as a shield, not as a sword.

Mr. Justice Lloyd was certain that the equitable estoppel, or a kind of waiver, could not create a new cause of action, but he was more willing to agree with the owners when they said that the arbitrator had reached the right result for the wrong reason.

There was no need to speak of estoppel, they argued, because, after all, something was given in return for the second call on Hodeidah.

The owners believed honestly (though mistakenly) that they were entitled by the original contract to discharge the cargo somewhere else. The compromise of a doubtful claim was a good consideration even if that claim was bad in law.

The judge sympathised with this argument, and sent the case back to the arbitrator suggesting that he might reconsider the question of consideration, but that equitable estoppel would not do.

An altogether different view of equitable estoppel seems to emerge from the judgment delivered by Mr. Justice Goff in a dispute between the liquidator of Amalgamated Investment and Property Co. Ltd. (AIP) and the Texas Commercial International Bank Ltd. AIP, which was subject to a compulsory winding up order of May 1976, held, either directly or through subsidiaries, a number of properties in the UK and overseas. These included the Harrison Building, an office block in Nassau owned by Amalgamated (New Providence) Property Ltd (ANPP) incorporated in the Bahamas and wholly owned by AIP.

The Texas Commercial International Bank financed the various developments on the security of the properties and of a guarantee by the London company. By March 1970 there was a UK loan, secured on UK properties, of $3m. and a Nassau loan of $3.25m. concerning the Harrison Building. This was to be secured by a mortgage on this building, and by a guarantee by AIP of advances made by the bank to ANPP, which owned the house.

Shortly before the Nassau loan was perfected, the Bank discovered that it could not trade in the Bahamas without first obtaining permission from the Bahamian Authorities. To avoid this difficulty it asked its lawyer in the Bahamas to take off the shelf a locally registered company, to make it a wholly owned subsidiary of the Bank, and to draft the mortgage in favour of this new subsidiary called Portsoken Properties.

The transaction was then completed, and Portsoken was debited in the books of the Texas Commercial International Bank with a loan of $3.25m, with a note reading "re ANPP." No one thought of extending AIP's guarantee to include not only advances made to ANPP, but also to advances by Portsoken, the letterbox company used for passing on the money from the Bank to ANPP.

Letters exchanged between the bank and AIP on various occasions indicated that both parties considered the Nassau loan to be covered by the AIP guarantee. There is no doubt that, had the original directors of AIP remained in power, they would not have denied it. However, when called upon to settle the unpaid balance of the Nassau loan, the liquidator of AIP replied in 1977 that on the documents available to him there was no liability on AIP under the guarantee.

The Texas Commercial International Bank held at this time a surplus from AIP properties realised in the UK and said it would use it for settling the outstanding balance of $750,000 on the Nassau loan. This was challenged by the liquidator, who asked the court for a declaration that AIP was under no liability to the bank in respect of the balance of the Nassau loan.

As in the first case of the Volvo shipment, there was also no consideration and no contract between the Bank and ANPP which could have been covered by the guarantee, but Mr. Justice Goff took a different view from that taken by Mr. Justice Lloyd. AIP directors encouraged the Texas Commercial International Bank in its mistaken belief (which they shared), that the guarantee covered the Nassau loan.

In such a case, thought the judge, the estoppel could have the effect of enlarging the obligations, even if the underlying transactions would—but for the estoppel—be devoid of legal effect.

** Syros Shipping Co. S.A. and Elegshill Trading Co., Judgment March 25, 1980. F.T. European Law Letter June 1980. ** (1947) 1 KB 130. † (1951) 2 KB 215.*

Cut Above for the Horris Hill

RACING

BY DOMINIC WIGAN

GIELGUD, which started at even money for Ascot's Royal Lodge Stakes, found surprisingly little towards the end of that mile event.

He may again be found wanting in today's Horris Hill Stakes at Newbury although the distance is a furlong shorter.

Once-raced Cut Above, half-brother to Sharp Edge, may prove too strong for Mr. Charles St. George's colt. This race, a year ago, went to Super Asset after Cut Above's stablemate, Water Mill, had been left with too much to do by Carson.

Cut Above, racing in Sir John Astor's colours, ran far better than many had expected when making his racecourse debut in Sandown's Viewsport Stakes over today's trip on August 30.

In the vanguard from the start, he gave way only to the more experienced Kalaglow and Grundy's brother, Centurious, inside the final furlong.

Beaten two lengths and a neck there, Cut Above will have made sufficient progress over the past seven weeks to turn the tables on the winner whom he meets on a pound better terms.

Half and hour after the Group III two-year-old event, the Tote four-year-old Hurdle—formerly the Wyld Court and Tom Masson Trophy—sees much-improved Saxon House hurdler Gay George trying to land his sixth race in eight outings over the minor obstacles.

The Prince Regent colt, full brother to Frances Jordan, who finished a close sixth in the Irish Oaks, showed his well-being with a win on his seasonal reappearance. He should prove too smart for another locally trained candidate, Cheka.

Other possibilities—on an afternoon when upsets can be envisaged if there are further heavy showers—are Cut Above's stable companions, Little Wolf and Prow. All three are ridden by Willie Carson.

Further north, Green God filly Curzon House looks weighted to take a hand in the finish of Wolverhampton's Autumn Handicap off 7 st 11 lbs. Further rain will enhance her prospects.

NEWBURY
2.00—Little Wolf
2.30—Strictly Swing
3.00—Cut Above**
3.30—Gay George
4.00—Tarbank
4.30—Prow*

WOLVERHAMPTON
2.15—Almitra
3.45—Angor
4.45—Curzon House***

TV/Radio

† Indicates programme in black and white

BBC 1

9.00 am For Schools, Colleges. 12.45 pm Midday News. 1.00 Pebble Mill at One. 1.45 See-saw—"Mr. Benn." 2.00 You and Me. 2.15 For Schools, Colleges. 3.25 Ddeng Mlynedd yn Ol—Neu Fwy. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Touché Turtle. 4.25 Jackanory. 4.35 Heidi (4). 5.00 John Craven's Newsround. 5.05 Blue Peter. 5.35 The Amazing Adventures of Morph.
5.40 Evening News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.55 Tomorrow's World.
7.20 Top of the Pops.
7.55 Blankety Blank.
8.30 Rings On Their Fingers.
9.00 Nine O'Clock News.
9.25 Mackenzie (8) July 1966.
10.20 Question Time with Robin Day.
11.20 News Headlines.
11.22 Kojak, starring Telly Savalas.
12.10 am Weatherman.

All Regional programmes as BBC-1 except as follows:

BBC Cymru / Wales—10.10-10.30 am Ysgolion. Hwnt ac Yma. 2.15-2.35 pm Ffenestri: Bonheddwr Mawr. 5.55-6.20 Wales Today. 6.55-7.20 Heddiw. 12.10 am News and Weather for Wales.

Scotland—10.10-10.30 am For Schools. Around Scotland. 12.40-12.45 pm Scottish News. 2.40-3.00 For Schools: Geography. 5.55-6.20 Reporting Scotland. 8.30-9.00 How young people will deal with the long-term prospect of unemployment. 11.20-12.00 Come Dancing. 12.00 am News and Weather for Scotland.

Northern Ireland—3.53-3.55 Northern Ireland News. 5.55-6.20 Scene Around Six. 6.55-7.20 Sportsweek. 12.10 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

11.00 am Play School.
2.15 pm Racing from Newbury.
4.15 International Snooker: Ireland v Australia.
5.05-5.30 Open University.
5.35 International Snooker.
7.05 1979 Schools Prom.
7.35 Mid-Evening News.
7.45 International Snooker.
8.30 Television Shakespeare: "The Taming Of The Shrew," with John Cleese and Sarah Badel, directed by Jonathan Miller.
10.35 Great Railway Journeys of the World.
10.45 Newsnight.
11.30 International Snooker.

LONDON

9.30 am Schools Programmes. 12.00 pm Little Blue. 12.10 Stepping Stones. 12.30 The Sullivans. 1.00 News at One. 1.20 Thames News. 1.30 For Maddie With Love. 2.00 After Noon Plus. 2.45 Send In The Girls. 3.45 Life Begins at Forty. 4.15 Little House On The Prairie. 5.15 Mr. and Mrs.
5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Battlestar Galactica: "The Gun On Ice Planet Zero."
7.30 The Glamour Girls.
8.00 Benny Hill.
8.30 TV Eye.
9.00 Minder: Dennis Waterman and George Cole in "The Beer Hunter."
10.00 News at Ten.
10.30 Thames Report.
11.00 Lou Grant.
12.00 What The Papers Say.
12.15 "Sit Up and Listen," with Kingsley Amis.

All IBA regions as London, except at the following times:

ANGLIA

9.15 am Jobline. 12.30 pm The Riordans. 1.20 Anglia News. 3.45 Our Little Town. 4.15 Mumbly. 4.20 Project U.F.O. 5.15 The Brady Bunch. 6.00 About Anglia. 6.20 Arena. 6.35 Crossroads. 7.00 Bygones. 10.00 News followed by Anglia Late News. 10.30 Folio. 11.00 Have Girls Will Travel. 12.00 am The George Hamilton IV Show. 12.30 The Living Word.

ATV

12.30 pm The Riordans. 1.20 ATV News. 2.25 The Fantastic Four. 3.45 The Practice. 4.15 Windows. 4.50 Little House on the Prairie. 6.00 ATV Today. 6.05 Crossroads. 6.30 ATV Today. 7.00 Emmerdale Farm. 10.30 Focus. 11.00 ATV News. 11.05 Thriller: Mirror of Deception.

BORDER

1.20 pm Border News. 3.45 Inner Space. 4.15 Tarzan. 5.15 University Challenge. 6.00 Lookaround Thursday. 6.35 Crossroads. 7.00 Emmerdale Farm. 10.00 News and Border weather. 10.35 Soap. 11.00 S.W.A.T. 12.00 am Border News.

CHANNEL

12.30 pm The Riordans. 1.20 Channel Lunchtime News, What's On Where. 3.45 The Electric Theatre Show. 4.18 Salvage. 6.00 Channel Report. 6.35 Crossroads. 7.00 The Monkees. 10.28 Channel Late News. 10.35 Soap. 11.05 Documentary: Shuttleworth Vintage Planes. 11.20 Brass in Concert: Warren Youth Band. 12.05 am Preview: The Horseman's Word. 12.30 News and weather in French.

GRAMPIAN

9.25 am First Thing. 12.30 pm The Riordans. 1.20 North News. 3.45 Our Little Town. †4.15 The Marx Brothers Go West starring Groucho, Chico and Harpo Marx. 5.40 Police News. 6.00 North Tonight and area weather. 6.35 Crossroads. †7.00 Andy's Party. 10.30 Reflections. 10.35 Soap. 11.05 Thriller: "Kiss, Kiss, Kill, Kill." 12.30 am North Headlines.

GRANADA

12.30 pm The Riordans. 1.20 Granada Reports. 3.45 Survival. 5.15 University Challenge. 6.00 Granada Reports. 6.30 This Is Your Right. 6.35 Crossroads. 7.00 Emmerdale Farm. 10.30 Celebration. 11.00 Barney Miller. 11.30 What The Papers Say. 11.45 Bluey.

HTV

12.30 pm The Riordans. 1.20 HTV News. 4.15 Salvage. 5.15 Jobline Newsdesk. 5.20 Crossroads. 6.00 Report West. 6.30 Barney Miller. 7.00 Emmerdale Farm. 10.28 HTV News. 10.35 Our Little Town. 11.05 Have Girls Will Travel.

HTV Cymru/Wales—As HTV West except: 9.30-9.45 am About Wales. 9.52-10.07 Mwy Neu Lai. 12.00-12.10 pm Owain a'r Olion. 4.15-4.45 Follow Me. 4.45-5.15 Sêr. 5.15-5.20 Cartoon. 6.00-6.15 Y Dydd. 6.15-6.30 Report Wales. 6.30-7.00 Sports Arena. 11.05-12.00 Second Opinion.

SCOTTISH

12.30 pm The Riordans. 1.20 News and weather. 3.45 Adventures of Black Beauty. 4.15 Sally and Jake. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Action Line. 6.30 Mr. and Mrs. 7.00 Take The High Road. 10.00 News and Scottish Headlines. 10.30 Jobs for the Boys (And Girls)? 11.00 Soap. 11.30 Late Call: Rev. Marcus Lefebure, Chaplain, University of Edinburgh. 11.35 Fireside Theatre: Ambush at Iroquois Point.

SOUTHERN

12.30 pm The Riordans. 3.45 The Entertainers. 4.15 Salvage 1. 5.10 Mr. Magoo Cartoon. 5.20 Crossroads. 6.00 Day by Day. 6.30 University Challenge. 7.00 Emmerdale Farm. 10.00 News followed by Southern News Extra. 10.35 People Rule! 11.05 Musical Special. 12.20 am Weather followed by What's A Nice Girl Like You Doing In A Chinese Opium Den?

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News and Lookaround. 3.45 Friends Of My Friends. 4.15 Cartoon Time. 4.20 Dynomutt—the Wonder Dog. 4.45 Salvage One. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 10.30 North East News. 10.32 Northern Report. 11.00 Come In, If You Can Get In. 11.30 Soap. 12.00 am Portraits of Power. 12.30 Living Together In One World.

ULSTER

1.20 pm Lunchtime. 3.45 Survival. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 6.50 Police Six. 7.00 Emmerdale Farm. 10.29 Ulster weather. 10.30 Counterpoint. 11.15 Soap. 11.45 Bedtime.

WESTWARD

12.30 pm The Riordans. 1.20 Westward News Headlines. 3.45 The Electric Theatre Show. 4.15 Gus Honeybun's Birthday's. 4.18 Salvage 1. 6.00 Westward Diary. 6.35 Crossroads. 7.00 Westward Report. 10.32 Westward Late News. 10.36 Soap. 11.05 Politics West. 11.20 Brass in Concert. 12.05 am Preview. 12.30 Faith for Life. 12.35 West Country weather.

YORKSHIRE

12.30 pm The Riordans. 1.20 Calendar News. 3.45 Food, Wine and Friends. 4.15 The Adventures of Black Beauty. 4.45 Little House on the Prairie. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Crossroads. 7.00 Emmerdale Farm. 10.30 Country Calendar. †11.00 Kaz. 12.00 am The Amazing Years of the Cinema.

(S) Stereophonic broadcast
‡Medium wave

RADIO 1

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.32 Simon Bates with The Golden Hour. 10.32 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.32 Simon Bates with The Golden Hour (part 2). 3.32 Peter Powell, including 5.30 Newsbeat. 6.32 25 Years of Rock. 7.31 Mike Read. 10.02 John Peel (S).

RADIO 2

5.00 am News Summary. 5.03 Ray Moore (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin, 8.45 Pause for Thought. 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S) including 1.45 Sports Desk. 2.03 Ed Stewart's Request Show (S) including 2.45, 3.45 Sports Desk. 4.03 Much More Music (S) with David Symonds, including 4.45, 5.45 Sports Desk. 6.03 John Dunn (S) including 6.45 Sports Desk. 8.02 Country Club (S). 9.02 Alan Dell (S) with the Big Band Sound. 9.55 Sports Desk. 10.02 The News Huddlines with Roy Hudd. 10.30 Star Sound Extra. 11.02 Brian Matthew with Round Midnight, including 12.00 am Midnight News. 2.02-5.00 You and the Night and the Music with Sheila Tracy (S).

RADIO 3

7.00 am News. 7.05 Overture: Offenbach, Lalo, Faure, Ravel (S). 8.00 News. 8.05 Morning Concert: Mozart, Spohr, Puccini, Respighi (S). 9.00 News. 9.05 This Week's Composer: Alessandro Scarlatti (S). 10.05 Martinu and Berg: String Quartet (S). 10.50 Carlo Gesualdo. First of nine programmes of his music (S). 11.25 Chicago Symphony Orchestra Concert (part 1): Brahms (S). 12.10 pm Interval Reading. 12.15 Concert (part 2): Pfitzner, Chaikovsky. 1.00 News. 1.05 Bristol Lunchtime Concert: Piano recital: Brahms, Debussy, Liszt (S). 2.00 Falstaff: Opera by Verdi. Acts 1 and 2. 3.20 Interval Reading. 3.30 Falstaff (Act 3). 4.25 Marin Marais: Viola da gamba and harpsichord recital (S). 4.55 News. 5.00 Mainly for Pleasure with Michael Barkeley (S). 7.00 Talking About Music talk by Antony Hopkins (S). 7.30 As Radio 4 UK. 9.30 Words. Talk by Roy Fuller. 9.45 Schoenberg. 10.00 Joaquin Achucarro: Piano recital: Bach, Brahms (S). 11.00 News. 11.05-11.15 Music by Villa-Lobos (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News, 7.30, 8.30 News Headlines, 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 8.45 The Fox by D. H. Lawrence. 9.00 News. 9.05 Thicker Than Water. 9.30 The Living World. 10.00 News. 10.02 Not A Penny More, Not A Penny Less by Jeffrey Archer. 10.30 Daily Service. 10.45 Story Time: "Edge of Darkness, Edge of Light." 11.00 News. 11.05 File on 4. 11.50 Enquire Within: Listeners' questions. 12.00 pm News. 12.02 You and Yours. 12.27 Top of the Form. 12.55 Weather. 1.00 The World at One. 1.35 Party Political Broadcast. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre: "Summer Trade" by Nick Darke (S). 3.50 Fritz Spiegl's Musical Alphabet "D." 4.05 Bookshelf. 4.35 On Saturday Afternoon by Alan Sillitoe. 5.00 PM. 5.50 Shipping forecast. 5.55 Weather. 6.00 Six O'clock News. 6.30 Any Answers? 6.55 It's A Bargain. 7.00 News. 7.05 The Archers. 7.20 Time for Verse. 7.30 A Yorkshire Week Concert, part 1: Wagner, Sibelius (S). 8.15 Alan Bennett reflects. 8.30 A Yorkshire Week Concert, part 2: Berlioz (S). 9.30 Kaleidoscope. 10.00 The World Tonight. 11.00 A Book at Bedtime: "The Franchise Affair." 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.40 Fond and Familiar: Music with Laurie Macmillan. 12.00 am News. 12.15 Shipping forecast.

VHF—9.05 am-12.00 pm For Schools. 2.00 pm-3.00 For Schools. 11.00-11.30 Study on 4.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme, including 11.00 Natural history. 1.03 pm London Live. 4.30 London News Desk. 5.35 Music on the Move. 7.03 Black Londoners. 8.00-5.00 am Join Radio 2.

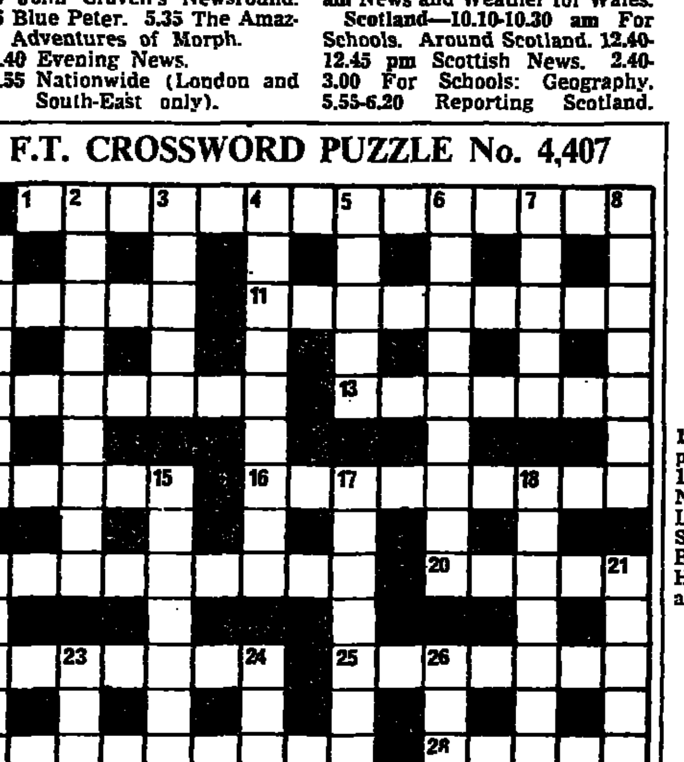
London Broadcasting

6.00 am AM—Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 pm Max Miller—LBC Reports. 8.00 After Eight—Therese Birch. 9.00 Mike Dickin: Nightline. 12.00 am LBC Reports Midnight. 1.00 Night Extra: Carol Allen. 4.00 The London Interview. 5.00 Morning Music.

Capital Radio

6.00 am Mike Smith's Breakfast Show (S). 9.00 am Michael Aspel (S). 12.00 pm Graham Dene (S). 3.00 pm Roger Scott (S). 7.00 pm London Tonight with Bryan Wolfe (S). 9.00 pm Nicky Horne (S). 11.00 pm Tony Myatt's Late Show (S). 2.00 am Richard Allinson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,407



ACROSS

1 Somewhere in song, above the soldiers in East London district (4, 3, 7)
10 Protective clothing seen at airport (5)
11 Curative in decimal conversion (9)
12 Assemble in prayer (7)
13 Deaf nobleman joining eastern ship (7)
14 Information returned to us for a hot drink (5)
16 Painter with touch and finesse I catalogue (9)
19 Saint's thigh in rough cloth (9)
20 Gaze with malicious joy at fool embracing learner (5)
22 Principal metal in front of gold (7)
25 Endeavour at test (7)
27 A stroke on course in advance (9)
28 Sailor to employ in deceit (5)
29 Put on openers before Dane is changed to produce song (6, 8)

DOWN

2 Quite bright signal? (4, 5)
3 Get up about noon and wash (5)
4 Tether around broken stem and finish off the border (3-6)
5 Travel around Greek capital and crest (5)
6 Suffering in canine circle (9)
7 A large marble head (5)
8 Strongly built town in Somerset and in France (4-3)
9 Twice have skill in dance (6)
15 Divination from group for example in French Island (9)
17 Naval Officer with order to The Queen (9)
18 Stain smooth model (4-5)
19 Survey a road with a truncated tree (7)
21 Stagger a junk collector (6)
23 A cereal and fruit (5)
24 Note girl in mirror (5)
26 Coach or other form of transport (5)

Solution to Puzzle No. 4,406

THE ARTS

Her Majesty's

The Streets of London

by B. A. YOUNG

It was originally *The Poor of New York*, filched from a French play by Boucicault and two New York journalists. Then it became *The Poor of Liverpool*, with scenery changed as necessary. Later it was *The Poor of Leeds*, *The Poor of Manchester*, *The Streets of Islington* and *The Streets of London*. Boucicault, though he made a fortune from it, despised it. "I can spin out these rough-and-tumble dramas as a hen lays eggs. It's a degrading occupation, but more money has been made out of guano than out of poetry."

Rough-and-tumble it is. Rich banker Bloodgood (William Squire) and his clerk Badger (Michael Carter) steal £100,000 from sea-captain Fairweather who dies in their office, so throwing the captain's widow (Helen Cherry), son Paul (Richard Walsh) and daughter (Susannah Fellows) into poverty. Bloodgood's ambitious, vulgar daughter Alida (Jane Wymark) wants to marry socialite Mark Livingstone (John Watts), who is in love with Lucy; but a recession ruins him and he promises to marry Alida so that he can have money to *succour the Fairweathers*.

It chugs away to a happy and *limping* conclusion with a series of amazing coincidences and a climax in which Badger's lodging, where he has hidden a document that can expose Bloodgood, is burnt to the ground. It was the worst of bad luck that *on Tuesday night one of the* flats that provide the scenery stuck half-way up and deprived us of most of the fire.

This production, which hails from Stratford East, makes *no* attempt at polish. The whole thing is played in a mock-Victorian style for all the laughs it can get, and there are plenty. *There are songs with music by* Gary Carpenter and lyrics in a style that clashes rather sharply with Boucicault's by Ian Barnett, and they are sung clearly and tunefully without a hint of a microphone. The pretty designs for the scenery, black-and-white landscapes by Hayden Griffin and Peter Hartwell, are very attractive, and on its chosen level the production by Diane Cilento works well enough. If it can last until the Christmas holidays it will be a nice old romp, with plenty of chances to boo, cheer, whistle or shout "Look out, he's behind yer."

Jane Wymark and William Squire

Record Review

Evocations

by DAVID MURRAY

Bartok: Bluebeard's Castle. Kolos Kovats and Sylvia Sass, with Sir Georg Solti/London Philharmonic Orchestra. Decca SET 630.

Harrison Birtwhistle: Punch and Judy. Stephen Roberts, Jan Degaetani, David Wilson-Johnson, Phyllis Bryn-Julson, Philip Langridge and John Tomlinson, with David Atherton/London Sinfonietta. Decca Headline 24/25 (2 records).

Albert Roussel: Evocations, op. 15. Zdenek Kosler/Czech Philharmonic Orchestra and Chorus, with soloists. Supraphon 1112 2454.

Everybody knows what "evocative" music is: the very word evokes that range of score from Rimsky's *Scheherazade* and Balakirev's *Tamara* to the pre-war French ballets written for Diaghilev, and thence to later Hollywood imitations. There is a *favoured set* of orchestral devices, used commercially to Pavlovian effect upon listeners: the sea! the mysterious East! barbaric splendour! *The tunes are not sym*phonic subjects apt for development but are rather of the ilk known as "haunting"; the harmony is marked by Russian modal touches and spiced with whole-tonery. The scoring is generally so elaborate and *colourful that a decently accu*rate performance will be effective, with small interpretative effort by the conductor.

All that is partly true of Bartok's *early masterpiece*, the one-act opera *Bluebeard's Castle*. It was completed in 1911 — just before Ravel's *Daphnis*, Stravinsky's *Sacre du printemps*, Dukas' *La Peri* (but after the latter's own Bluebeard opera). With its cast of two and its minimal action, it may have seemed a low-budget alternative to the sumptuous Dukas *opera: in any case*, like other operas of inconvenient shapes and sizes it has needed the gramophone to *make it as avail*able as its merits deserve. And the gramophone has compensated for past neglect: the new Solti performance for Decca is at least the twelfth on record.

Recorded, *Bluebeard* loses virtually nothing but the impact *of live sound—a loss which* modern techniques minimise very well. As Bartok and his poet Bela Balazs specified the action, the evocative power of the orchestra is substituted for visual effects: we were not to see what lay behind six of the *seven forbidden doors in Blue*beard's abode as his new wife Judith opened them, but to wait for the orchestra to tell us. Well-meaning but imprudent, she wants to let the light into his gloomy castle; with blackmailing affection, she wrests from him *the keys which successively* reveal—the symbolism is transparent—his virile defences, his proud achievements, his secret griefs. At last the fatal seventh door disgorges his past loves, all of them as alive for Bluebeard as Judith herself; she *joins them miserably, immured* forever in his memory, and the light dies.

The proven power of this modern legend (Balazs went on to do creditable work for early films) is well sustained in Solti's reading. His orchestra gleams *and looms as required*, though there are phrases that lack the Hungarian snap which gives the score a special ethnic bite. Majestic breadth is what Solti chiefly finds here. His Bluebeard, Kolos Kovats, woolly of pitch in conversational passages, *suggests less suppressed violence* than some Bluebeards, but rises to a fine sonorous focus for the grander outpourings. Sylvia Sass makes a nervously individual Judith, anxiously involved in her discoveries: I suspect that Bartok envisaged a plainer, *brisker Everywoman*, but Miss Sass keeps the dramatic tension screwed up tautly. Singing in *Hungarian, both singers are re*wardingly at home with the folk-based inflections of Bartok's vocal lines.

Bluebeard adapted the lessons and manners of its musical period to quite personal, non-picturesque dramatic ends. Something analogous is done in the "opera" *Punch and Judy* by Harrison Birtwhistle, composed *more* than a dozen years ago to a libretto by Stephen Pruslin. Here, the raw action of the children's show is filled out by a fiercely self-conscious *text and an arch challenge to* the listener to sort out his own readings and reactions. Word-games and literary evocations account for most of its detail, inconspicuous in performance; but the order of events is wilfully ritualised, set out in symmetrical, monochrome dramatic units—a hard little chain of bleak moments.

That *allows Birtwhistle to* make the effective dramatic substance of the piece largely with the music — which is again chiefly a matter of instrumental invention: but for a few suspended lyrical passages, the voices of the characters have scarcely *more importance, and Punch and Judy* is almost a mime-play-with-singing. Birtwhistle's invention is entirely equal to the affair. There is a memorable, consistent snarl in the throat of the scoring, and a brilliantly contrived sequence of suggestive textures. The *sense* of the music is never so intricately developed as to be un-operatic, or at any rate untheatrical (there *are* deliberate numbers modelled on routine operatic forms). On record, the action really needs to be filled out by the mind, for the elegantly baleful music draws its point and *direction from it. I know no* comparably potent realisation of the current ideal of "music-theatre."

Roussel's *Evocations*, written at just the time of *Bluebeard*, is welcome in the new Czech recording as a ripe, rather elevated instance of the original period of "evocative" music. It was intended to evoke the feelings by which the young composer was seized on his excited visits to India and Indochina. In fact it catches him at an exciting turning-point, halfway to *the familiar astringent Roussel* from the earlier part-time Impressionist, still drawing inspiration from Wagner and the Russians but fertile with more linear ideas. The score is sumptuous in ways that evoke a good deal of other music, and *yet* betray the peculiar, detached regard for the material that makes later Roussel so tantalising.

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Purcell Room

Renée Reznek

by ANDREW CLEMENTS

Three years ago the Park Lane Group included Renée Reznek in its "Young Artists and 20th-Century Music" series in the Purcell Room. She impressed then by the acuity of her piano playing, a cool intelligence brought to bear a wide range of contemporary *styles; technique was always* made to serve the sense of the music. On that occasion she shared the recital, and before Tuesday night's concert there was a worry that perhaps a whole evening of mind being put firmly before cosmetic effect might just be too much of a good thing.

That worry was unnecessary: Miss Reznek has become a skilled platform performer as well as remaining a rewarding *interpreter. Her programme* toured the staples of the 20th-century piano literature and included also two *small*-scale pieces by young contemporary composers. Berg's sonata Op. 1, stripped of its 19th-century lacquer, opened the recital. Excesses of rubato were resisted—they would have sounded out of place anyway in the *context of a style* that favoured clean, clear textures and sparing use of pedal—and *the bones of the structure laid* bare; only the final climax and its resolution seemed forced on to the music. Schoenberg's Five Pieces Op. 23 likewise concentrated on outlines, by and large with success. Those moments in the third and fifth pieces *especially, when a hint of* bravura might have been welcome were those when the mechanics of their construction was made to seem a little obvious, as if marking the contrapuntal techniques were more important than perceiving their contribution to the whole.

Stravinsky's Sonata of 1924 *also could have been even more* impressive had the finish been more tooled; the surfaces here are literally all, and with machine-like certainty they would have carried more conviction. Inflection of the baroque decorations and accentuation of *the rhythms could not be* faulted, and Miss Reznek even contrived to make convincing sense of the *Piano-Rag-Music*, giving its rag-bag of half-remembered gestures some semblance of coherence.

"Regard du Père" from *Messiaen's Vingt Regards* was a finely sustained account; it was carefully chosen from the whole, one *imagines*, for the work surely is not suited to Miss Reznek in its entirety. Anne Boyd's *Anklung*, trivial, tinsley, with predictable quasi-mystical/quasi-Oriental pretensions, was one of the two recent pieces. The other was Oliver Knussen's *Sonya's Lullaby, an exploration* of keyboard texture and resonance, working hard at its chordal organisation; it does not impress as one of its composer's strongest constructions. Someone really should write a major work for Miss Reznaek's quite *special talents*.

Arts news in brief

Maggie Smith is to return to the London stage in the highly successful *Stratford Ontario* production of *Virginia* by Edna O'Brien, from the lives and writings of Virginia and Leonard Woolf.

Directed by Robin Phillips and presented by H. M. Tennent in association with Louis I. Michaels and Duncan C. Weldon, the play will open at the Theatre Royal, Haymarket, on January 29 for a limited season of 12 weeks.

The rest of the cast is Nicholas Pennell and Patricia Conolly.

Make and Break, by Michael Frayn, starring Leonard Rossiter and Prunella Scales, will *finish its nine month run at the* Haymarket on January 24 when the actors' contracts end.

*

THE AIR & SPACE Appeal Auction, which took place on Wednesday, October 15, conducted by Julian Barran *of Sotheby's*, raised £25,257 net and £27,749 gross.

The highest price paid was for the drawing by David Hockney, *The Tropical Plant*, which had been estimated to reach £2,500-£3,500. It fetched £4,800.

Autumn in Warsaw—1

by DOMINIC GILL

On May 15, 1940, Heinrich Himmler issued an edict in Berlin defining very precisely the *Nazi attitude towards* the Slavs of occupied Poland. On the question of education, he was particularly *exact*:

"For the non-German population of the East there can be no schools above fourth-grade country school. The sole pur*pose of the school is to teach* counting up to 500 at most, signing one's name, and to instruct that God's commandment is obedience to the Germans, honesty, industry and courtesy. I do not consider reading necessary."

The edict was both ideological and devastatingly pragmatic. For the Nazis, Slavs ranked only *fractionally higher in the ethnic* table than Gypsies or Jews. In German, *die Slaven* needed only *the addition of a single letter* "k" between the "S" and the "l" to define their appointed role: they were the slaves of the new Fatherland.

Six months before, just after the outbreak of war, the *Generalgouveneur* of Warsaw Hans Franck had recorded in his diary Goebbels' directive that "the Poles should . . . have *no theatres, cinemas or cabarets*, so that they will not constantly be reminded of what they have lost." And on *March 8, 1940*, Franck amplified on the theme with the following orders:

"Every person in the territory of the Government who is publicly active in the fields of music, the fine arts, theatre, films, writing, Press and *photography* is subject to the supervision of the Department of Folk Education and Propa*ganda of the Regierung des Generalgouvernements*. . . . Unemployed Polish actors, singers and artists may be signed up for licensed events in order to restrain the intellectual circles from political conspiracy. . . . Joint appear*ances of Polish and German* artists are forbidden. . . . Serious stage plays are forbidden to Poles. As regards Polish artists, there is no objection to lowering the level of, or eroticising, their programmes. All performances that represent the life of the Polish people are forbidden."

The memory of those terrible years, *and of the indomitable* spirit of the Polish artists who survived them, organising secret unions, secret theatres, poetry readings and concerts by the *thousand in defiance of* every edict, and often at the cost of their lives, still weighs heavily today in the Polish consciousness: and vicariously, too, among artists of the postwar generations too young to remember. It presses more heavily, even, than the memory of the postwar period from 1945-56 — although for many Polish artists, the years of Stalinist cultural repression and isolation were no less hard. Little *music of any consequence* emerged from Poland during that postwar period. Composers *of the* younger prewar generation, such as Artur Malawski, Roman Palester, Antoni Szalowski, Witold Lutoslawski, Grazyna Bacewicz and Andrzej Panufnik, who had begun to establish their careers before the outbreak of war, found themselves *forced* to make another beginning entirely, severing all links with their experimental or progressive past, in order to conform to an "*official*" cultural line which recognised as valid only a very narrow range of musical experience — essentially a romantic folklore stereotype, usually an oratorio, cantata, suite, serenade or divertimento, profoundly synthetic and, in a way that will be familiar to every student of *immediate* post-revolutionary art, deathly dull.

The year of the revelations of the 20th Soviet Party Congress and of Khrushchev's denunciation of Stalin was, as elsewhere in Eastern Europe, the Polish watershed. Although in the Soviet Union the principles of Socialist Realism (only in their now redirected "Leninist" *form*) *still continued to be* rigorously applied, Poland was among the first of the "people's democracies" after 1956 to free the arts, root and branch, from outdated and repressive Stalinist dogma. No less remarkable than the radical nature of the reappraisal was the speed at which it took place: a sudden and extraordinary blossoming of *creative activity and energy*, and renewal of international contacts, as dramatic in the field of music as those of theatre, film and art. After 17 years of enforced obscurity, music in Poland in 1956 suddenly sprang to life.

Towards the middle of the year, plans had already been laid to inaugurate an international festival of contemporary music that would reflect and encourage the new artistic climate; and that festival of 1956, so speedily arranged, *proved to be only* the first of a series of annual events that quickly established the Warsaw Autumn as one of the leading forums of contemporary music in Europe, east or west—and particularly (since its policy was to exclude no genre *per se* on any kind of ideological *grounds*) as a centre for open artistic exchange and experiment.

The Warsaw Autumn is a busy ten days, tightly scheduled, professionally organised, and crammed with concerts. On paper, it looks something like an East European *Royan*: but whereas the Royan Festival used to draw upon a small and select band of visiting cognoscenti for its audience, mainly from Paris—the very embodiment of what its French critics called *parachutisme*—Warswa's is very much a local and national, as well as an international, event. Its concerts traditionally play to capacity houses, filled not merely by Polish students and composers, but by any *and everyone* in Poland who takes the present and future of music to heart. This year, if some halls were only what a Londoner would call very respectably filled, that was certainly because of other more pressing preoccupations which understandably (and rightly) took precedence over music.

It is *in every sense* a popular festival. Seat prices range from 25p to 75p (less for subscribers). The Philharmonic Hall—devastated in the early years of the war, and like much of Warsaw, especially the beautiful Old City, patiently rebuilt in original style — accommodates 1,200 in comfort. The Music Academy, a modern building where most of the chamber concerts take place, boasts one of the most attractive small concert halls I know anywhere, whose superb acoustics transform the simple act of listening from the battle-with-sound it can be, Purcell Room style, into a *relaxed* and purposeful pleasure.

A *special feature of the* Warsaw Autumn has always been the daily "Press conference" to discuss the previous day's events—not so much a Press briefing as a forum to which everyone, audience, performer and composer alike, may contribute as *they will*. These conferences could sometimes be more illuminating than the *concerts: a chance for the com*poser to sketch in the background to a piece in far greater detail, and with more personal colouring, than is ever possible in a programme note; and a chance, too, which most composers seemed to welcome, to take account of intelligent and committed comment from those who had only the day before *first heard their work*. Another traditional feature which the festival was unfortunately *forced to suspend this year* — due among other things to a shortage of plastic—is the *issuing of records of all the im*portant concerts the day after their performance: vital reference for the concert-goer, and a characteristic example of Warsaw's emphasis on high standards not only of presentation but also of evaluation and information.

These same high standards also extend, most importantly, to the programme-book: a volume of 268 pages, available in two editions, Polish and English, with index, exhaustive programme-notes, and a list of all the works presented at the festival since 1956. Few other festivals, let alone concert-promoters, even try to produce anything like it. It is, in its fashion, almost a guide book to recent trends *in serious music*; a complete set of 25 would make a valuable and comprehensive work of reference.

New Theatre, Oxford

Ballet Rambert

by CLEMENT CRISP

Ballet Rambert has set out on its autumn tour with a programme combining novelty and the welcome return of some of its newly-furbished family jewels: Tudor's *Dark Elegies* and *Judgment of Paris* which *date from the late 1930s*. These have been revived and restudied: *Judgment* by John Chesworth, *Elegies* by Sally Gilmour, that most distinguished Rambert artist, with Chesworth's assistance.

Elegies, in particular, is so important that it must not again be allowed to drop from the company repertory: part of the secret of interpreting it (a secret that the present new cast is beginning to comprehend) lies in continuity of performance, which brings a developing awareness of Tudor's subtle, unforced and Noh-precise style. I feared that the ballet might *seem lost on the spaces of* the New Theatre stage, where I saw it on Tuesday night, but not so. The grief of the bereaved parents was as heart-tearing as ever, and filled the theatre; and the company performance—notably in the readings by Lucy Burge and Sally Owen—had the authentic sense of contained tragedy. The choreography is *not yet firmly embedded* in the dancers' bodies. Interpretations are careful, a little tentative in *giving full weight to a gesture*, taut outlines to certain steps, but *Elegies* sits properly on these dancers, and will look even better after some weeks of experience.

Judgment of Paris is altogether more difficult to bring off today, when it really needs to be set in some transcendentally tacky strip-club. The New Theatre stage does not encourage the kind of vicious and automatic intimacy which is the essential quality of the piece, and Catherine Becque, Lucy Burge and Sally Owen as the three despairing drabs should look even more like the grotesque *harpies in* paintings by Otto Dix and Georg Grosz. There must be no sentimentality or compassion in their playing; *Judgment* is a hard-edged, *acrid vignette*.

The programme brought the first performance of Richard Alston's *Rainbow Ripples*, a sequel to his earlier and admirable *Rainbow Bandit*. Once again there is use of Charls Amirkhanian's *Just*—a canonic verbal text using the words Rainbow/chug/bandit/bomb—with the addition of an explanatory talk by Amirkhanian which has also been splintered and subjected to various tape-recording tricks. Three girls and four boys, brightly clad, are set bouncing, running, leaping, in what is now clearly an Alston style much concerned with the linear development of movement, open in texture, while the words rattle intriguingly on (sometimes too intriguingly: there is an element *of distraction implicit in the use* of the Amirkhanian lecture which can lure our attention away from the dancing). The setting, a strobe image of a dancer done in bright colours on a white ground, is by David Buckland, and is superbly in tune with the dance, as are the clean lines and colours of the costumes: I sense a passing nod at Twyla Tharp in both dress and certain choreographic attitudes. The surprise of the piece comes in the closing section when words give way to pretty tunes for xylophone and marimba in George Hamilton Green's *Rainbow Ripples*, and the dance rolls *merrily along* with them. Some years ago Alston commented on his early *choreographic* manner: "Instead of having a regular musical shape, my pieces had an asymmetrical phrasing, like speech." In this new work, the inter-relationship of verbal text and dance is immediately fascinating and stimulating as the danced phrases move in and out of synchronisation with the words, or reflect the conflicts *and contrasts of spoken canons*. The company performances—notably those of Michael Clark and Jikky Maas—are fine.

The evening began with Christopher Bruce's most recent ballet, the *Préludes and Song* first given at this summer's Cheltenham Festival. Its Anthony Hymas score, eclectic in manner but beguiling in *sonorities, suggested—so* notes Bruce—"ideas of flight, of spreading one's wings and soaring, and of lamenting birdsong. In my ballet I have fused these images with my feelings as I watch my children growing up too quickly." The choreography *offers youthful, happy writing* for an ensemble, which has its darker contrast in the elegiac duets for Lucy Burge and Yair Vardi. At first sight I find the piece *somewhat over-extended*, but it receives persuasive interpretation, and visually it is distinguished. Pamela Marre's setting is a back-drop reminiscent of Art Déco design, with a transparent perspex mobile of skeletal mesh in front of it to *bring an odd and fascinating* sense of perspective. With this setting, and David Buckland's, and the no less gifted work of Peter Mumford for Alston's earlier *Bell High*, Ballet Rambert is now presenting the best and freshest new design in British ballet.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1976=100), retail sales value (1976=100); *registered unemployment* (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unem-ployed	Vacs.
1979							
1st qtr.	110.4	102.5	98	100.4	133.6	1,351	234
2nd qtr.	114.8	107.0	107	106.0	144.5	1,299	256
3rd qtr.	112.6	103.1	99	99.0	143.8	1,269	247
4th qtr.	112.5	103.9	106	101.0	151.0	1,286	230
1980							
1st qtr.	110.5	100.8	97	102.4	156.7	1,379	193
2nd qtr.	106.0	96.2	92	100.6	160.0	1,492	160
March	109.1	98.4	105	101.8	158.4	1,414	181
April	106.0	97.0	94	101.3	159.7	1,458	169
May	105.5	95.3	92	99.7	158.9	1,484	163
June	106.4	96.1	89	100.7	161.1	1,535	147
July	105.3	95.2		99.3	160.1	1,606	126
Aug.	102.8	93.0		100.1	162.3	1,696	120
Sept.				98.5		1,784	113
Oct.						1,892	

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, *metal manufacture, textiles, leather and clothing* (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1979							
1st qtr.	105.9	99.1	127.0	98.7	98.4	100.0	12.9
2nd qtr.	108.8	102.7	133.1	102.6	110.0	103.0	21.3
3rd qtr.	105.9	95.9	132.3	94.7	103.8	100.6	21.0
4th qtr.	105.1	100.9	129.6	98.8	102.6	96.4	18.1
1980							
1st qtr.	104.7	101.9	124.3	99.6	60.3	91.8	12.3
2nd qtr.	97.6	96.7	121.8	93.8	88.1	84.4	16.2
March	102.0	99.0	124.0	96.0	64.0	89.0	12.2
April	99.0	98.0	120.0	95.0	81.0	86.0	15.0
May	96.0	97.0	122.0	93.0	93.0	83.0	17.0
June	98.0	96.0	123.0	93.0	92.0	84.0	16.6
July	99.0	97.0	120.0	94.0	79.0	84.0	13.5
Aug.	97.0	94.0	116.0	91.0	82.0	84.0	11.3

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1979							
1st qtr.	109.0	116.9	−1,602	−965	−235	106.8	16.78
2nd qtr.	135.3	128.9	−525	−264	−229	106.2	21.69
3rd qtr.	129.8	128.1	−492	+ 5	−158	106.5	23.18
4th qtr.	129.3	128.9	−785	−639	−157	103.5	22.54
1980							
1st qtr.	132.2	126.5	−632	−162	−126	100.5	24.87
2nd qtr.	128.6	124.5	−301	− 68	− 29	102.3	28.15
March	129.3	123.0	−126	+ 30	− 5	100.4	26.96
April	126.8	128.4	−303	−225	+ 26	101.6	28.01
May	129.8	120.8	− 1	+ 77	− 25	102.0	28.28
June	129.1	124.4	+ 3	+ 80	− 30	103.5	28.17
July	129.8	118.5	+261	+336	+102	103.8	28.27
Aug.	127.1	120.8	+ 63	+138	+ 10	104.9	28.29
Sept.	126.2	111.0	+369	+444	+ 53	104.5	27.64

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1979							
1st qtr.	7.2	8.4	32.6	+1,296	777	1,581	13
2nd qtr.	5.2	15.6	28.5	+2,628	777	1,867	14
3rd qtr.	12.0	11.2	13.2	+3,642	933	1,879	14
4th qtr.	14.4	15.6	22.6	+2,977	839	1,954	14
1980							
1st qtr.	− 4.0	7.2	21.9	+1,724	634	1,974	17
2nd qtr.	− 1.5	10.7	23.3	+3,218	697	1,972	17
March	− 2.3	8.2	35.4	+ 716	200	641	17
April	− 4.0	5.9	18.8	+ 702	266	675	17
May	4.0	12.6	21.8	+1,147	225	621	17
June	− 4.9	13.7	28.8	+1,369	206	676	17
July	11.7	36.5	50.8	+3,482	340	667	16
Aug.	11.2	40.8	46.4	+2,019	307	624	16
Sept.	20.5	39.8	38.7	+1,004	443		16

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1979							
1st qtr.	144.2	153.4	161.6	208.9	218.8	268.88	64.0
2nd qtr.	147.3	163.3	168.0	216.5	225.2	293.55	67.4
3rd qtr.	154.2	169.9	176.4	231.1	231.9	301.66	71.0
4th qtr.	161.7	183.9	181.8	237.6	237.2	295.13	68.8
1980							
1st qtr.	167.7	197.2	191.4	248.8	247.5	284.47	72.4
2nd qtr.	178.9	201.3	199.0	263.2	255.9	267.45	73.8
3rd qtr.		202.0	203.6	268.9	259.3	275.13	75.6
Feb.	167.3	197.6	191.5	248.8	246.7	304.27	73.2
March	172.8	200.4	194.3	252.2	251.1	284.47	72.6
April	175.0	202.3	197.0	260.8	254.1	275.67	72.6
May	178.1	200.4	199.0	263.2	255.7	268.23	74.3
June	183.7	201.1	201.0	265.7	257.9	267.45	74.4
July	185.1	201.7	202.7	267.9	259.9	273.57	74.7
Aug.	186.4	201.8	203.6	268.5	259.0	275.38	76.2
Sept.		202.4	204.5	270.2	259.0	276.44	76.9

* Not seasonally adjusted

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Fleet Street tragedy

THE DECISION by the International Thomson Organisation to withdraw from publication of the Times and the Sunday Times marks a sad end to a struggle, carried on for more than a decade, to find a way through the deep-rooted inefficiencies which have made Fleet Street a symbol of British industrial weakness. While the hope must be that buyers will be found who can make Times Newspapers a viable business, there is a real possibility that two of the country's most distinguished newspapers will disappear after next March. The demise of a newspaper does not have the same economic impact as, say, the collapse of British Leyland or British Steel, but the loss to society, if the Times and the Sunday Times were to be shut down, would be very great indeed.

Over-manning

The troubles of the Fleet Street newspapers stem from overmanning and outdated production methods, compounded by disorderly industrial relations. To say that all this is the fault of the trade unions is easy but in some ways misleading. In the first place it is past weakness by the employers that has eroded management's ability to manage the production process, to a degree which has few parallels in British industry. Secondly, it is not unions as such, but small groups within each union which have created privileged positions for themselves and have built powerful defences around them. Fleet Street is the extreme example of the sectionalism of the British labour movement.

The result is that the national newspapers carry a far higher burden of costs than they need to. This may have been tolerable in the fat years of the 1950s, but in recent times the persistent tendency for costs to run ahead of revenues has forced companies to try to tackle the underlying problems. They have sought in a variety of different ways to buy out restrictive practices, to negotiate new manning arrangements, and to re-establish management control.

While some advances have been made, the industry has for the most part failed to free itself from its past. The fact that Times Newspapers, despite an 11-month suspension of publication, could not achieve the changes in work practices for which it had fought was a considerable blow to management morale. No doubt the tactics of Times Newspapers during that period can be faulted, but it is not obvious what other methods would have achieved the desired result.

For some years it has been extraordinarily difficult for any national newspaper to earn an adequate return on investment, even in good times; in bad times, like the present, most companies make heavy losses. The survival of a large part of the industry has thus come to depend on the non-commercial motives of certain proprietors. Yesterday's announcement from Times Newspapers demonstrates that there is a point at which these non-commercial motives have to give way to commercial realities.

The issue now is whether the Times Newspapers decision, the imminent death of the Evening News and perhaps other casualties which may emerge over the next few months will induce a change of attitude in Fleet Street and make possible a co-operative effort to save the industry. The example of New York, which has lost most of its newspapers, is not encouraging; although the surviving companies have in the end been able to introduce modern equipment, the number of titles — and the number of employees— is far less than it might have been if the guerilla warfare of the 1960s had been avoided. It would be tragic for London, whose newspapers play a far more important role in the life of the country than those of New York, to have to go through the same agony.

Constraints

Unfortuantely a necessary though not a sufficient condition for building a viable newspaper industry in Fleet Street is a reduction in the number of people employed in production. There are ways of effecting this reduction humanely and by agreement. But the first requirement is a clearer understanding of the financial constraints which the newspaper companies have to live with. Whether or not the Times and the Sunday Times continue to appear under another ownership — and we very much hope that they do— yesterday's announcement is a signal to all who work in Fleet Street that these financial constraints cannot be evaded.

Russia needs our grain

THE NEWS that Soviet wheat production this year is unlikely to exceed even last year's disastrously low level could have important implications for political and economic developments throughout the world. Russia's failure to raise its wheat output above 180m tonnes leaves it roughly 50m tonnes short of its requirements. With grain stocks already at a perilously low level and a high proportion of livestock prematurely slaughtered as a result of last year's combination of poor harvest and the American grain embargo, the USSR is, according to the U.S. Agriculture Secretary, Mr. Bob Bergland, "up against the wall" in its agricultural policy. Whoever wins the American presidential election in two weeks' time will have to decide quickly whether this Soviet weakness can or should be exploited.

The complacent stance adopted by the Soviet authorities in response to President Carter's decision to embargo grain exports after the invasion of Afghanistan was justified mainly by their expectation of a satisfactory harvest this year. If the forecast harvest of 205-210m tonnes had actually materialised, the Russians would, with some difficulty, have been able to make up the shortfalls

Leakages

Even if America's allies had shown the best will in the world in mounting a concerted effort to deny the West's surplus grain to the Russians, there would inevitably have been leakages. As things have turned out during the past year, the leakages—through third country sales and through direct exports to Russia's Eastern European satellites — have been substantial.

Farmer's lobbies in America and to a lesser extent in Europe have sought to emphasise the scale of these leakages in their campaign to have the embargo lifted. Mr. Reagan, despite his strongly anti-Soviet stance on other issues, has stated quite unequivocally that he believes attempts to restrict profitable trade in grain are futile, hurt American farmers more than Russian politicians, and should be abandoned. President Carter now seems to be preparing a pre-election defence of his embargo. The news from Russia's agriculture ministry could hardly have been better timed to strengthen his case.

For there is now little doubt that the Russian people will suffer a sharp further drop in their standard of living unless their government can secure a substantial increase in its grain imports from America. The scale of Russia's shortfall is such that Russian needs could hardly be met by other surplus grain producers, even if these countries—the EEC, Australia, Canada and Argentina—deliberately set out to exploit fully the market opportunities created by American abstinence.

Thus, if President Carter is re-elected, his representatives will have strong cards to play at the meeting of Western grain exporters scheduled for November 10 in Australia. In addition to the diplomatic arguments for a continuation of the embargo, Mr. Carter, secure in the knowledge that he has survived the election, despite the opposition of America's farmers, would be able to argue that a forced reduction in Russian demand for grain would help to reduce food prices, or at least limit their rate of increase. While the American wheat harvest has been good this year, grain production worldwide has suffered big setbacks and, even without Russian demand, the world could be facing an uncomfortable upsurge in food prices. Maintaining the embargo could, in the short run, reduce the inflationary pressure.

Food prices

From a purely economic viewpoint it can hardly be denied that Russia's poor harvest will, in one way or another, add to the upward pressures on world food prices and is therefore most unwelcome. Whether the Western nations prove capable of securing some kind of short-term diplomatic or political advantage from Russia's misfortune will depend not only on the outcome of the American elections but, even more crucially, on ability to co-ordinate foreign policies through consultation which has so far been lacking in the Western alliance.

TIMES NEWSPAPERS

The 'awful spectre' comes to pass

By Max Wilkinson

THE TIMES management recently calculated that if the paper were printed in Washington and flown each morning to London, it could be sold for 15p and make a profit instead of the present 20p, at which it is making an enormous loss.

That idea is no more than a pipe dream, but the fact that it should even be discussed shows the depths of the management's present despair.

The despair is based on the belief that The Times, The Sunday Times and the three supplements could quite easily be made profitable by the use of computer-based print technology and sensible manning agreements.

To many people in the upper floors of Times Newspapers' Gray's Inn Road offices this truth seemed so self-evident that they could not believe that even Fleet Street unions would not, for a price, be persuaded to acknowledge it.

And the present Lord Thomson is in the peculiar position of having not only the cause and means to pay that price, but also the will to do so. The papers represent the crown of his father's achievement as a newspaper proprietor, a much prized link with Britain and a commitment by the Thomson family to preserve one of the important institutions of its democracy.

Indeed the Thomson family spent some £10m of its own private fortune in paying for the losses of The Times after Roy Thomson bought it in 1966. And that was before North Sea oil transformed the Thomson accounts: they showed a pre-tax profit of £172m last year (1979).

It was no doubt because of these strong family ties that the present Lord Thomson could say in April last year: "The sale of The Times is one of those awful spectres we would not wish to contemplate."

He said this while all five publications were in the middle of a shut-down which was to last for 348 days. He said it at a time when all around were predicting the end. Indeed Mr. Joe Wade, general secretary of the National Graphical Association, had said: "We have come reluctantly to the conclusion that The Times and The Sunday Times are dead."

Only a year before, Mr. Wade had seemed to the management to be pre-eminently the sort of man with whom they could talk turkey. Private soundings had shown him to be, if not exactly on their side, certainly on the side of reason, a man prepared to accept new technology and its consequences at least on some terms.

The difficulty, back in April 1978, seemed to be in persuading the local chapels (office branches) to accept computer based typesetting and to impose more order and discipline on the near anarchy in other parts of the operation, notably The Sunday Times press room.

The Times strategy was to bypass multitudinous local bargaining units of the various unions and to try to "talk sense" to senior national representatives.

To concentrate their minds, the management announced that publication of all five papers would be suspended at the end of the year if agreements on new technology and the improvement of industrial discipline had not been secured by then.

Some people said then—and have said since — that the management was foolish to try to solve both issues at once.

QUALITY NEWSPAPER CIRCULATION LEVELS

	Jan.-June, '79	Jan.-June, '80	% change
DAILIES			
Daily Telegraph	1,476,887	1,445,833	— 2.1
Financial Times	206,360	197,698	— 4.2
Guardian	379,429	375,179	— 1.1
The Times	—	315,724	—
SUNDAYS			
Observer	1,124,018	1,017,631	— 9.5
Sunday Times	—	1,418,516	—
Sunday Telegraph	1,278,894	1,031,811	—19.4

However, the truth is that the scale of industrial disruption started to hit the management, as it were between the eyes, just as it was steeling itself to make a tough stand on the introduction of computers. In 1977, when all the Thomson family's investment seemed at last to be bearing fruit, disruptions wiped out £1.1m of the profits leaving only £1.7m pre tax for Times Newspapers Limited. In the first quarter of 1978 disputes, non-co-operation and bloodymindedness cost the company 7.7m copies, representing about a fifth of the output.

The attempts to force agreements with the unions during the six months "warning period," and the increasingly desperate effort to use persuasion and cash during the closure of 1979 are now a part of history.

Since the closure, Times Newspapers' wage bill has been increased by about 100 per cent. In return the unions have conceded remarkably little. After a period of armistice, disruption has resumed. More than 1m copies of the Sunday Times were lost in the last two weeks, representing a loss of revenue of £600,000. Even The Times journalists went on strike in August for more pay. This seemed almost incomprehensible in the Thomson camp after so much generosity.

This, and the fact that no agreement on the use of computer setting has been signed, are said to be the final burden which broke Lord Thomson's very considerable patience. Even at the end it was not he, but the Board of Thomson British Holdings which made the decision to get rid of the papers.

Confronted with the astounding truth that a total expenditure of some £70m on Times Newspapers had resulted in hostility and ingratitude from the workforce and a prospect of unending losses, Lord Thomson had little option but to agree. The plan had failed.

This year the losses of The Times are running at about £8m on a revenue of around £30m. The supplements, once money-spinners, have been bogged down by increases in costs and the Sunday Times which could have made perhaps £1m profit is suffering from disruption.

As a result, the Thomson Organisation faces a bill this year of about £15m for these papers' losses, and has also provided about £22m for necessary investment.

It seems unlikely that any buyer could be found which would be prepared to fund losses on this scale unless a very radical restructuring of costs could be negotiated with the unions. That would almost certainly require the acceptance of new technology which the present management has failed in two and a-half years' of negotiation to achieve. It would require also a radical change in manning arrangements and of established working practices.

It is possible that the real threat of closure, now sure to be believed, would persuade the unions to negotiate different practices with a new proprietor. On the other hand, there were strong indications during the summer of 1979 that some unions, including the NGA, were prepared to see the newspapers close rather than concede matters of "principle" which could affect their practices in other newspapers.

Mr. William Rees-Mogg, editor of The Times, said yesterday: "I do not think the unions would easily accept what I call old-fashioned proprietorship again." He favours a new type of consortium which would have some form of co-operative management. The Times journalists have agreed in principle to pursue this idea, and the next stage will be to seek agreement from Lord Thomson, printers and financial backers, in that order.

Under this plan, The Sunday Times would be split off to find its fortunes as a conventional Fleet Street publication. It could be highly profitable but only with co-operation from printers.

And it is hard to resist the conclusion that the papers will find difficulty in finding an owner who is as rich and as benevolently disposed towards Fleet Street as Lord Thomson has been.

It would follow, since any new management will require economies, that the unions have, at very least, knifed the goose which had laid many golden eggs.

Thomson's problem subsidiary

TIMES NEWSPAPERS comprises The Times, The Sunday Times and three weekly supplements. The Sunday Times was acquired in 1959 when the late Lord Thomson purchased the Kemsley Newspaper stable of newspapers and periodicals and The Times was taken over from Lord Astor of Hever at the end of 1966. The Thomson Organisation acquired 85 per cent of Times Publishing for £1m with a further payment of between £2m and £3.3m ten years afterwards. The remaining 15 per cent is still held by the Astor family.

In the current year, Times Newspapers is expected to lose around £15m before tax which compares with a shortfall of £40m in 1979 when the two main titles and the supplements were suspended. Group tax relief brought losses that year back to £18.9m.

It also expects to borrow a further £22m from its parent in 1980 which will bring accumulated losses and advances for investment and working capital up to £70m since 1967.

Profits from the group as a whole, however, have escalated. Last year, International Thomson Organisation, the parent company of all the Thomson interests, announced a rise in pre-tax profits from £136.7m to £165.2m on sales of almost £700m. Oil has made the major impact.

Oil revenues before interest but after Petroleum Revenue Tax climbed last year from £75.5m to £103m. ITO's 20 per cent share of proven reserves in the Ninian and Piper fields was shown at 120.4m barrels at the end of 1979. Total production was averaging 356,000 barrels per day during 1979.

The regional newspaper group, based on the Kemsley empire, is another major source of revenue. Sales of around 9m newspapers each week through four morning newspapers, ten evenings, one Sunday and forty weeklies, produced £13.7m pre-tax againstprofit s of £13m last year.

Thomson Holidays, the largest package tour operator, coupled with the Lunn Poly travel agency business helped to boost pre-tax revenues on the travel side from £17.3m to £21.2m last year. The group also owns 50 specialist magazines, including Draper's Record and Construction News and the publishing division takes in the Michael Joseph and Hamish Hamilton houses.

Times Newspapers has changed ownership within the framework of the Thomson quoted company, Thomson Organisation and the Thomson family twice since 1967.

In the summer of 1976, control and financial responsibility passed to Thomson Scottish Associates whose shareholders are all members of the Thomson family. Eight years later, ownership was transferred back to the Thomson Organisation as the entire group underwent a major reorganisation which vested control in Toronto.

The Thomson family interests in the North Sea, principally a stake in both the Claymore and Piper fields, were merged with the Thomson Organisation which include Thomson Holidays and Brittania Airways. A new company was set up, International Thomson Organisation, which is 81.3 per cent held by the Thomson family through Thomson Equitable Corporation. The remaining shares are publicly owned.

Net tangible assets have risen from £48.7m to £11.4m in the three years to 1979 and total capital employed at the end of December was £65m.

MEN AND MATTERS

Handsome is as Hanson does

"Tell me something about Hanson," crackled Bernard Patrick McDonough down the line from West Virginia. A curious request, I suggested, from a man who will collect some 40 per cent of the $180m to be paid by Hanson Trust for the company bearing his name.

"Not so," he countered. "They bought me. I was not going for them. I've got their statement here. I'll look at it later. But they've got a fine company from me, I'll say that."

His staccato style with words, his friends tell me, is nicely complemented by his way with business. A man who clearly knows what he wants when he sees it, this Texas-born multi-millionaire bought Dromoland Castle in Shannon, seat of the O'Brien clan, within half an hour of seeing it.

On another evening in Ireland, he left the dinner table for 10 minutes. "Just bought a railroad," he announced, tackling his cooling soup.

McDonough plainly feels he found a kindred spirit in Sir Gordon White, the 57-year-old chairman of Hanson International Management Services who was a prime mover in the deal just struck. "You have some real live wires over there at Hanson," he says kindly. "They are really up and at 'em."

Still, at the age of 76, tirelessly tending his wide-ranging interests, he flits regularly down to the Gulf of Mexico to oversee affairs at his marine and oilfield engineering companies. And every three or four weeks he drops into Shannon Airport to stroll around his castle — now a luxury hotel — and the two other de luxe hostelries he has built close to his Galway forebears' old stamping grounds.

The marine business, McDonough says, is still risky. "I would not offer that for sale. And no one has enough money to buy my hotels off me."

His ventures in Ireland, however, have not all turned out so happily. Spotting a girl jumping her horse on his Dromoland estate recently, he bought the beast on the spot and sent the rider home on foot. Promptly dumped on the yielding Galway turf, he ensured that before the day was out he had his money back and the ungrateful beast was returned to its young mistress.

Sir Gordon White—"Up and at 'em."

In the lists

Breathing deeply in the rarified atmosphere of the best-selling book lists, I find a somewhat surprised but nonetheless happy chartered accountant. Keeping company at the moment with Graham Greene, Arthur C. Clarke and letter-writer Henry Root is Walter Sinclair, a senior tax consultant at Kidsons.

Sinclair is co-author, with Prof. Aubrey Silke, of the Hambro Tax Guide which has made it to the number 15 position in the Sunday Times list and is still selling strongly enough to stay there for some time.

Since the launch on September 26, publisher MacDonald Futura claims to have sold around 45,000 copies, almost equalling total sales of the 1979 edition.

"We seem," says Sinclair, "to be getting through to the market we originally aimed at —the man in the street. The previous eight editions have always sold well among accountants and solicitors, but we were not sure we were reaching the public.

"It is interesting," he adds, "the way people have learned there are ways they can increase their disposable incomes." Like writing tax manuals, for instance.

Boat bidders

Cunard's chairman, Lord Matthews, is certainly not bluffing when he says he is going to sell his passenger shipping fleet if he does not get his way over the flag of convenience row with the National Union of Seamen. But the intriguing question is who is going to buy it?

Cunard should not have much difficulty getting rid of its two Caribbean cruise ships—there is a world shortage of this type of vessel. But with the QE2 — an ocean gas-guzzler if ever there was one—Cunard has a problem.

P. & O. is the obvious candidate. Its passenger fleet is much bigger and more profitable than Cunard's and it is going to have to replace the Canberra, its 20-year-old flag ship, fairly soon.

Failing P. & O., another name being bandied around in marine circles is that of American Ted Arison, who operates Carnival Cruise Lines, and who seems to be something of an Anglophile judging by his recent spate of orders with British Shipbuilders.

And then there is C. Y. Tung, the proud Hong Kong owner of Furness Withy. Tung bought the QE2's predecessor the Queen Elizabeth in 1972, only to see it burn to the waterline and capsize.

Buy words

"The best and cheapest advertising is the wagging tongue of a satisfied customer," says Harry Shepherd—and as controller of publicity for Marks and Spencer he can claim to have proved it.

In the past four years the advertising budget for the St. Michael stores has remained at £300,000 a year while turnover has doubled to £1.8bn.

Apart from staff recruitment and financial advertising, the group does little more now than merely announce the opening of new stores like those in Inverness, Milton Keynes and Harrow in the next few weeks.

Shepherd, who is retiring at the end of the year, has played a major role in establishing the M and S reputation. He joined the group in 1952, shortly after leaving Oxford University, and has been involved in every aspect of its public relations since.

"Our main policy is, and always has been, to concentrate our efforts on establishing close relations with our staff and with our suppliers on one side and our customers on the other," he says. "Once those relations are strong, advertising is almost irrelevant."

Shepherd has worked under four different chairmen over the years. "But the atmosphere never changes," he says. "It's always been like working in a pleasant but exciting club."

At the age of 57, he is also retiring as president of the Oxford Street Association, a post in which he has done much to restore and maintain the area's atractions. "Stores have found that they can benefit from co-operation as well as competition," he says.

Shepherd hopes to develop consultancy interests when he leaves M and S. "But I'd rather like to wind down a bit," he adds. "My wife has been telling me that she married me for better, or for worse, but not just for lunch."

Observer

ECONOMIC VIEWPOINT

Leave the exchange rate alone, or . . .

GRUMBLING about the exchange rate has become a national pastime, rivalling in popularity talk about the weather.

Until 1977 the sterling rate was a virility symbol, and preventing a fall in sterling was a principal object of national policy. In the last three years the preoccupation has been the opposite—preventing sterling from rising.

Neither preoccupation has been successful. In both phases, exchange rates have reacted perversely to reassuring official statements.

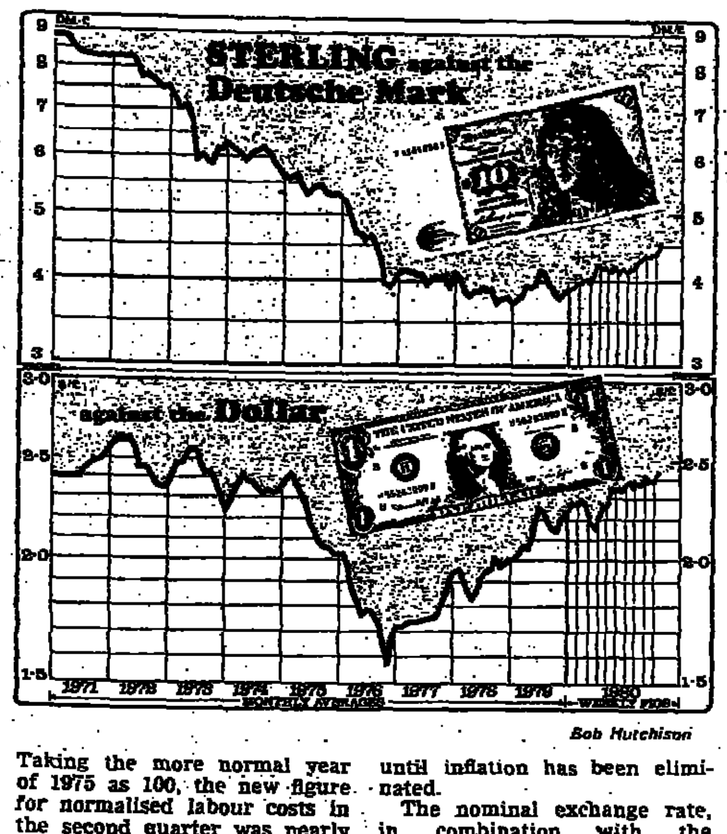
Not only words, but even policy changes, have often had the opposite of the effect intended. For instance the cut in Minimum Lending Rate (MLR) from 17 to 16 per cent earlier this year was followed by a rise in the pound.

Theories about exchange rate movements have also come a cropper. Nobody would have predicted, nor did predict, anything like today's exchange rate, whatever his forecasting tools. Nearly all economists thought sterling overvalued last year and expected it to fall this year. Instead it has risen further.

There is a further important distinction between the nominal exchange rate—which is simply the actual rate published every day—and the "real" rate which allows for international cost differences and is therefore sometimes known as the measure of "competitiveness."

There are at least six official indices of competitiveness. The one which causes most alarm is that of "normalised labour costs." It is somewhat exaggerated because of the omission of other costs, but is probably the best we have.

Tendentious comparisons of competitiveness are sometimes made with 1976, when sterling reached its all-time crisis low.



Bob Hutchison

Taking the more normal year of 1975 as 100, the new figure for normalised labour costs in the second quarter was nearly 135. For comparison, it was 116 on the eve of the Wilson devaluation of 1967 and 109 on the eve of the Heath float of 1972.

It is seldom pointed out that all the net loss of competitiveness since 1975 has been due to British costs rising faster than those of competitors. The nominal sterling exchange rate is even today little higher than in 1975, expressed as an average of several currencies.

Of the two sets of prejudices about the exchange rate, the one in favour of a high rate has more to be said for it. A high and rising nominal rate is an unmixed blessing—at least until inflation has been eliminated.

The nominal exchange rate, in combination with the behaviour of the world inflation rate, influences the prices at which internationally traded goods and services sell in Britain. The appreciation of sterling explains how Mr. Healey was able to achieve temporarily an 8 per cent inflation rate in 1978, why the 1980 inflation rate is below the official forecast and why a single figure forecast for next year is no longer to be laughed out of court.

A high real exchange rate is a more mixed blessing. It is associated with a rise in the share of wages in the national income. It is bad for profits, and, in the short term at least for employment. It is also bitterly unpopular with the business community—although it is the biggest imaginable influence for wage moderation on both sides of the labour market.

A rising real exchange rate also means that the product of a unit of British labour time exchanges for a higher volume of foreign goods than before. As such it is good for consumers and living standards.

If one could be sure that the strength of sterling would continue, the best course should be to sit back and enjoy it. The high nominal exchange rate would help to eradicate inflation more quickly. The UK would adapt to the high real exchange rate, a decline in competitiveness would not matter and the country could restore employment by switching output to the non-traded sector and by consuming at home a greater proportion of total goods and services.

Oil has been the most important single reason for sterling's exceptional rise. This is not just the impact of import-saving North Sea production, which has crowded out traditional exports. Even more important has been the attraction of an oil-rich country with perceived political stability and a much proclaimed counter-inflationary policy for holders of OPEC or other portfolio funds seeking currency diversification.

The main reason for anxiety is that, in spite of oil, the present strength of sterling has a temporary element—whether due to interest rates or other factors—and that productive activity which might be needed when the real exchange rate falls again could be put out of business.

The options open to the Government are in fact extremely limited. They are:

1 To do nothing.

2 To sell sterling in the market by more or less roundabout means in the hope of getting the rate down.

3 (a) To reduce interest rates earlier than it would otherwise do.

3 (b) To combine this with public expenditure reductions or tax increases in the hope of achieving the monetary targets with a lower PSBR and less reliance on interest rates.

4 To impose penalities or controls on the inward movement of funds, as Germany and Switzerland have sometimes done.

Far and away the best course is the first—to do nothing. This means sticking to domestic monetary objectives and not attempting to influence sterling directly.

If the Government gave in to the pressures to force sterling down, the final result could well just be more inflation, without removing the forces making for a higher real exchange rate. The UK would then have the same level of competitiveness with a lower nominal exchange rate and a higher domestic price level.

But doing nothing requires imagination, vision, toughness, political skill and ingenuity in far higher measure than "doing something" and I doubt if these qualities exist in sufficient measure.

The second course—official sales of sterling to knock the rate—would be disastrous. The creation of the necessary sterling would in itself cause the money supply to soar. But even those economists who believe that the monetary effects would be sterilised are reluctant to advocate this course. The snowball results of an official attempt to nudge sterling downwards in early 1976 are still vividly remembered. This time the effects could get out of control in either direction.

The third course of reducing interest rates prematurely would jeopardise the domestic monetary strategy, take away some of the pressures for wage moderation—and all to no avail if the end result were more inflation rather than more competitiveness.

Until new monetary targets are announced next month and the overshoot in monetary growth since the end of the "corset" is accounted for, any reduction in MLR will be just throwing in the towel.

Course 3 (b), lower interest rates and a lower borrowing requirement, has seductive attractions. But it is correctly labelled by some Treasury Ministers as the "fiscal cop-out." If announced, it would just be a figleaf behind which to reduce MLR prematurely.

The truth is that it will require all the Government's determination to keep this year's and next year's public spending and borrowing to original intentions—even after allowing some overrun for the recession.

If the political pressures to "do something" become irresistible, the least evil would be penalties on overseas inflows. Official studies suggest that such controls would have many leaks and would be of use only against a temporary inflow.

So much the better. They might give a breathing space to discover just how durable were the present upward influences on sterling: and there would be time to ascertain how far the strength of sterling reflected temporarily high interest rates and how far it reflected more fundamental factors.

It would also give a little more time for industry to adjust its money costs in line with the exchange rate, and it would be less likely to do lasting damage than any other course of intervention.

SCROLL OF DISHONOUR

AT THE Lord Mayor's banquet last week, the Governor of the Bank of England, Mr. Gordon Richardson, spoke of the need to avoid attaching undue importance to "any single monetary aggregate." i.e., Sterling M3.

This is a theme constantly brought out by the Bank and its acolytes as a debating point against the Government's monetary objectives. Next time you hear it, I suggest you simply ask: "Please tell me which are the other monetary aggregates which have been kept so well under control?"

The odds are you will stop the conversation dead in its tracks—which would itself be highly desirable. But in the unlikely event of your meeting a well briefed Bank defender who mentions M1, you might remember that this is a measure which excludes deposit accounts.

People would be crazy not to switch from current into deposit accounts when both inflation and nominal interest rates have been so high. And, if you look up the figures you will notice that M1 was the only monetary indicator which was under control during the Heath monetary explosion.

* * *

The next name on this scroll is none other than Sir Peter Parker, chairman of British Rail. He has just announced that there will be no trains on Boxing Day as well as Christmas Day. I know of no other country in the world where public services fold up for so long in the so-called festive season as they do in the UK. Now it will be even worse.

Sir Peter's excuse is that Boxing Day services do not pay. I wonder whether he has thought seriously of finding out whether there is a level of fares at which at least some routes would pay. Those who find the high fares prohibitive would be no worse off than they are going to be anyway; and those who travelled would by definition gain.

It looks too much as if Sir Peter has settled for a quiet life and the path of least resistance.

* * *

There is an excellent record store in the City. Nearby is a shop which sells giftwrapping.

You might expect that people could take records to be giftwrapped in the shop. But if you did you would have forgotten what British bloody-mindedness can be.

When I asked in the shop if they would wrap some records, I was met with a muttered and not very friendly refusal. On asking for it as a favour, I was told: "If we did it for you we would have to do it for everyone else."

Rising from my knees, I asked if there was no price at which they could both sell and wrap. The reply to this was: "We have not got the staff." The two remarks together epitomise the unacceptable face of British business, large or small.

Samuel Brittan

Letters to the Editor

Cable and Wireless

From Mr. J. Stanley

Sir,—I read your leader on October 20 concerning Cable and Wireless and I think I must take issue about a number of points you raised. It may be that I am not really in disagreement with your article but I do feel that your information may not be totally complete.

As you rightly say, the profit earning part of Cable and Wireless has been the management and consultancy work for various telephone authorities. There are a number of these in the Gulf and the arrangements in Hong Kong which provide substantial revenue with relatively small numbers of direct employees. In all of these situations, a national position arises and I would have thought that in fact on the grounds of nationalism it is easier to have a commercial company on the ground rather than to have a British Government corporation. When the Government originally nationalised Cable and Wireless, it had a very valuable business in places like Canada and Australia. Nationalisation by the British Government immediately caused all these other areas to nationalise their local end of the operation. I am quite sure that if Cable and Wireless continues to cream-skin the Hong Kong revenue, that the local authorities will demand a much higher share of the income in future.

In providing these facilities overseas and the guidance to run the various organisations, Cable and Wireless has acted sometimes to sell British equipment but in other areas such as space communication, it has deliberately sold Japanese even though there were equipment supplies available from Marconi and Plessey in this country. I do not believe that taxpayers' money should be spent on promoting Japanese sales to our export markets and I am sure this is a view that many other taxpayers would take.

With this enormous income coming in, Cable and Wireless has been allowed to spend money on various commercial enterprises with what appears to be very little control and in this field it has a much less profitable business. Truly, some of its investments earn a reasonable return, but some are mediocre and one or two darn right disastrous. For instance, the calculator business in Hong Kong financed by the taxpaper to compete with Sinclair which eventually had to be wound up just like the enterprise in Hong Kong which of course could not compete with either the price of the Japanese or the technology of the Americans. The Carterphone company, a company originally built on the telephone interconnect business which up to this date in this country has been almost totally illegal is another example.

It would seem to me that this is the kind of investment that again does little or no good either to the company or to its British taxpayer backers. Therefore, whether the manufacturing business could be sold as part of the management consultancy business or as two separate entities is something that only the City experts could advise.

J. O. Stanley,
Air Call.
176-184, Vauxhall Bridge Road, SW1.

Organising insulation

From the Head,
Consumer Policy Unit,
National Consumer Council.

Sir,—I was very interested to see a report by Maurice Samuelson (October 8) that the Secretary of State for Energy had expressed support for the idea of a Government-funded programme to combine the insulation of buildings with job creation schemes. The National Consumer Council, along with other consumer and voluntary organisations, has consistently advocated programmes of this kind and we are delighted that the Government is considering them.

Loft insulation, hot water tank lagging and draught proofing are highly cost-effective energy conservation measures, and for most people they are worthwhile investments, especially if they can get a grant under the homes insulation scheme. But for a significant number of consumers, insulation work is simply beyond their means. Often this is because they can neither do the work themselves nor afford to pay a commercial firm to do it for them.

The net cost of providing a job under the old job creation programme, once tax payments, savings on unemployment benefit and so on were taken into account, was only about £400 in 1977. The average cost per loft in labour charges was just £10. In economic terms, given the potential energy savings from loft insulation and the heavy costs of unemployment, this represents excellent value for government money. In social terms, the benefits are substantial.

More recently, the special temporary employment programme (STEP) has been used by local authorities and voluntary organisations to insulate council homes and the homes of elderly and disabled people in the private sector. Last year the STEP programme was cut back severely as a result of changing the designation of "assisted areas." This has reduced its potential to fund insulation projects.

With recent rises in energy prices and the prospect of more to come, insulation has become increasingly worthwhile. It makes a lot of sense, in national economic terms as well as for individual consumers, to subsidise the cost of installing highly cost-effective forms of insulation for those who could not otherwise undertake the work. One way of funding this type of insulation programme would be to set aside part of government revenues from taxing the oil and gas industries.

Maurice Healy.
National Consumer Council,
18, Queen Anne's Gate, SW1.

Business votes

From Mr. D. Goch.

Sir, — The suggestion by Mr. A. W. Nelson (October 20) for introducing a business vote in local authority elections has much to commend it, although one can envisage problems of voting proportionality where individual rateable units make a particularly large contribution to the rate fund. Sensitive situations might also arise where major ratepayers are subsidiary companies of large multinationals.

Nevertheless, the increasing significance of local rates in the cost structures of many businesses does highlight the unfairness of the present system whereby they have no say in the determination of local authority spending levels, despite making a larger contribution than most individual ratepayers.

A local employers' group with which I am associated has attempted to compensate for this lack of representation by forming a working party to study the local authority spending budgets and to make representations on matters of special concern.

It has, however, become all too apparent from our investigations that many of the major spending decisions are made at county council level, and the remoteness of these bodies from even the most diligent ratepayer's probing makes it virtually impossible to exert effective influence. The creation of the large regional local authorities in recent years has done nothing to alleviate this situation.

Despite the late Mr. Crosland's assurance that "the party is over," Whitehall has yet to demonstrate that it can bring the big spenders to heel. The local authority sector, however, has got to be made to accept the kind of restraints on spending that have become commonplace within most of the private sector.

Desmond Goch.
4, Paddock Wood,
Harpenden, Herts.

Too little difference

From Mr. J. Toporowski

Sir, — Malcolm Rutherford (October 17) is quite right to point out the lack of any essential difference between "Punk Healeyism" and "Thatcherism with a human face." The consequences of this however, should be cause for concern rather than complacency to anyone who prefers democracy to the irresponsible rule of corporate vested interests.

Having the parliamentary leaderships of the two major parties committed to the same economic policies, with only trivial differences between the two, represents a serious restriction in the range of effective choice available to the electorate at the next election. Such a parliamentary economic consensus, combined with bi-partisanship in the other major policy areas of defence, foreign affairs, Northern Ireland, and covering the most important elements of our relations with the rest of the EEC, would further reduce electoral politics to beauty contests and games of patronage.

In a period of growing economic crisis, such developments can only give rise to cynicism, despair and the further alienation of the electorate.

J. Toporowski.
28 Warrington Crescent, W9.

Danger of contamination at work

From the Assistant Director,
National Radiological Protection Board

Sir,—Of course one must agree with Mr. Gee (October 18) that the 26 Los Alamos workers contaminated with plutonium are an adequate basis for epidemiology. Nevertheless if a substantial fraction of this sample had died of cancer during the 32 years of observation since they were contaminated this would undoubtedly be taken as indicating the dangers of plutonium. It is perhaps worth pointing out that in 1972, approximately 27 years after they finished working with plutonium, more than two-thirds of the group still had between one and ten times the body content of plutonium than the then ICRP (International Commission on Radiation Protection) limit for its accumulation in the body. (The new ICRP limits for intake would keep this quantity to half the previous limit).

While they were working, nose blows from all the workers showed plutonium contamination, thus indicating that they were subject to plutonium inhalation. One or two of them were additionally contaminated through wounds, while some during their occupational histories were exposed to other toxic chemicals. A careful reading of Dr. Martell's statements makes it clear that he felt that the medical findings in relation to these workers could equally well be attributed to plutonium or to other agents, i.e., that the causes were unclear. Dr. Martell's standpoint originated from his view that the harmful effects of cigarette smoking were due to the naturally occurring radioactive content of cigarette smoke—a view that is far from proven or accepted.

If the risks associated with radiation as evaluated by UNSCEAR (UN Scientific Committee on the Effects of Atomic Radiation) and BEIR (Biological Effects of Iodising Radiation Committee) are valid then any epidemiological study capable of detecting the effects of radiation will require a very large number of workers to be studied. Mr. Gee is confusing in his reference to the University studies of Windscale and other nuclear industry workers which are shorter term studies commissioned by the employers. The National Radiological Protection Board has initiated, with the endorsement of both unions and employers, the largest follow up study of radiation workers, with over 32,000 already on its national registry for radiation workers. The objective is to provide the best possible data base for epidemiological studies.

In regard to the standards of exposure there appears to be some misunderstanding by Mr. Gee about the recent ICRP recommendations. For all the important isotopes of plutonium the recommended annual limits of intake are either the same or have been reduced to as little as one-eighth of the previous recommendations.

J. A. Dennis.
National Radiological Protection Board,
Didcot, Oxon.
Harwell.

Today's Events

GENERAL

UK: Mr. Nicholas Ridley, Minister of State, Foreign Office, speaks at Chelsea Conservative Party meeting, London.

Dr. Rhodes Boyson, Education Parliamentary Secretary, speaks at Llanrhidian.

Mrs. Renee Short speaks on health and social services, Wolverhampton.

Mr. Tim Bell, Saatchi and Saatchi chairman, speaks at Association of Australian Businessmen in Europe lunch, Savoy Hotel, London.

Institute of Personnel Management annual two-day conference opens, Harrogate.

Prince Charles statement on Mountbatten Memorial Trust.

Sir Peter Gadsden, Lord Mayor of London, visits National Maritime Museum, Greenwich; attends Trinity House luncheon, Tower Hill.

The Scottish Council (Development and Industry) seminar on overseas promotion of trade—the Irish experience, Edinburgh.

British Scrap Federation half-yearly meeting and dinner, London Hilton.

Overseas: The Kuala Lumpur Commodities Exchange opens, with crude palm oil futures the first commodity to be traded.

Defendory Expo '80 (military services and equipment exhibition) opens, Piraeus (until October 28).

The Queen and the Duke of Edinburgh conclude state visit to Tunisia.

PARLIAMENTARY BUSINESS

House of Lords: Civil Aviation Bill, report.

OFFICIAL STATISTICS

Institutional investment (second quarter). Consumers' expenditure (third quarter—first preliminary estimate). New vehicle registrations for September.

COMPANY MEETINGS

Leigh Interests, Chamber of Commerce, Edgbaston, Birmingham, 12. Smith Bros., Institute of Chartered Accountants, Moorgate Place, EC, 12.15.

COMPANY RESULTS

Final dividends: Burgess Products Company (Holdings). McKechnie Bros. Saga Holidays. J. Smart Contractors. Spencer Gears (Holdings). Interim dividends: BSG International. Gill and Duffus Group. Hay (Normand). F. J. C. Lilley. London and Provincial Poster Group. Stanley Miller Holdings. Portsmouth and Sunderland Newspapers. Sphere Investment Trust. Wilkins and Mitchell.

Pressac falls £1m and cuts dividend

IN A year of falling turnover and sharply reduced profits, Pressac Holdings, manufacturer of electro-mechanical components, has had to cut its workforce by 30 per cent and implement short-time working in almost all production centres.

The decline of business reported at the half-year stage, when pre-tax profits were halved at £276,000, persisted, says Mr. G. W. Clark, chairman, and demand from both television and motor manufacturers deteriorated still further. The taxable surplus for the full year to July 31, 1980 was reduced to £289,332, compared with £1.26m.

In the first quarter of the current year, Mr. Clark says, there has been a further deterioration in trading conditions in the UK.

External sales during the year declined from £9.7m to £8.8m. Tax takes £133,739 (£337,178) and after minorities of £946 (£4,803) and preference dividend of £42,000 (£42,172) the attributable balance emerges at £112,647 against £872,776.

Earnings are shown as 1.41p (10.91p) and the dividend is effectively cut to 1.26p (2p) with a final of 0.75p.

Although production levels have had to be reduced, says the chairman, the group has deliberately maintained capacity in the development of new products and tooling and in the design and building of application and production machinery, in the anticipation of its being required by customers to an even greater extent in the future.

There has been progressive improvement in the precision engineering sector, he adds.

The group's products are used in the new models recently introduced by Ford and BL, and feature substantially in the latest domestic appliances and in Post Office telecommunications.

The chairman concludes that the severe destocking experienced cannot continue forever and, providing there is no further deterioration in the European economy, the measures taken should become fully effective in the current year. But real growth, he points out, can only come with wider prosperity and a resumption of consumer spending.

BHS declines to £10.65m

DESPITE SALES moving ahead from £161m to £182.7m in the 24 weeks to September 13, 1980, taxable profits of British Home Stores fell back over the period to £10.65m, compared with £13.2m a year ago.

The directors consider that in view of the recession and decline in consumer spending, the sales increase achieved was satisfactory.

They say that operating costs were significantly higher than a year earlier, particularly in the areas of fixed costs and payroll.

Their decision to avoid all price increases on non-food merchandise for the remaining part of 1980 has been well received by both customers and suppliers, they say, and the most recent sales trend has shown some improvement.

The surplus for the 24 weeks was struck after interest charges of £1.05m (£169,000 credit) which included interest on the convertible unsecured loan stock amounting to £310,000 for the period from July 23, 1980 to September 13, 1980.

Tax was lower at £4.5m (£5.9m) leaving stated earnings per 25p share of 3p, against 3.5p.

The interim dividend is being effectively maintained at 1.75p net after allowing for the one-for-one scrip issue. Last year a final equal to 2.625p was paid from pre-tax profits of £41.83m (£33.6m).

The retained profit for the half year shows a drop to £2.6m, compared with £3.7m.

A breakdown of sales inclusive of VAT for the period shows: merchandise £138m (£123.1m); food £33.11m (£27.8m); restaurant £11.6m (£10m).

In the second half new stores will be opened at Eastbourne and Maidstone.

Lex Back Page

Duport shows £4.4m loss midway

PRE-TAX losses of £4.47m are reported by Duport for the half-year ended July 31, 1980, compared with profits of £4.14m in the same period last year. In view of the results and the uncertain economic climate, the directors are omitting the interim dividend.

The group's steel, metal forming and furniture divisions all incurred trading losses with the plastics side the only division to be in profit. The loss was also after increased interest charges of £2.04m against £1.11m.

The Board says that so far, the second half of the year has seen a further deterioration in trading conditions. Demand in the steel works is extremely low and further losses are inevitable.

For the year ended January 31, 1980, the group reported a pre-tax profit of £8.56m and dividends totalled 5.24317p net including a 2.12683p interim.

Loss per share in the first half is stated as 10.69p basic and 10.07p fully diluted. Earnings per share in the same period last year were 8.45p and 7.92p respectively.

	Six months 1980 £000	1979 £000
Turnover:		
Steel	54,403	58,457
Metal forming	15,638	15,348
Furniture	16,269	17,644
Plastics	7,679	6,807
Subsidiary sold	—	1,899
Inter-divisional sales	450	355
Total turnover	93,539	97,800
Trading loss:		
Steel loss	1,844	*3,728
Metal forming loss	295	*863
Furniture loss	941	*427
Plastics profit	586	620
Subsidiary sold	—	61
Total loss	2,494	5,249
Interest	2,044	1,107
Trade dividends	70	—
Loss before tax	4,468	*4,142
Tax	62	572
Net loss	4,530	*3,570
Dividends:		
Preference div.	22	22
Ordinary interim	—	962

* Profit.

The directors say strenuous efforts are being made to reduce costs and to improve competitiveness. By the end of the year the group will have reduced manpower, in the UK, by over 1,600 employees to 6,000 in total.

These redundancies have already been announced and will result in a further cost of £600,000 being charged against trading in the second half, together with £1m of reorganisation costs to be included in the accounts as an extraordinary item.

However, in a capital intensive industry such as steel, the maintenance of a volume base and sensible pricing structure is crucial, particularly so since the private sector of the steel industry does not have recourse to the public purse to fund its losses, the Board states.

The demand for engineering quality steels did not recover following the settlement of the steel strike as customers reduced their stocks in response to lower levels of trading and a crippling level of finance costs.

The metal forming interests were affected by similarly weak demand in the tractor and motor industries and foundries in particular operated well below capacity throughout the period.

De-stocking in the High Street adversely affected the furniture companies, but Slumberland made some progress in the development of an improved product range, and performed reasonably well in very difficult conditions. Grovewood Kitchens fell into a substantial loss but steps are being taken to eliminate these.

• comment

Duport shares started yesterday morning yielding an historic 34 per cent, indicating little doubt that the interim dividend would be passed. While expectations were for losses nearer £2m than £4.5m, the market managed to absorb the shock and the shares fell only 3p to 20p, less than half the level at which they stood when year-end results were announced in May. At least a similar loss for the second half looks likely, which with a further £1m in reorganisation costs would knock shareholders' funds down to around £57m. But, in common with its customers, the group is destocking, so that even with some £5m of capital expenditure this year, it hopes to keep year-end gearing below 50 per cent. Second half prospects for furniture look brighter, but the steel division is operating at less than half capacity with important motor industry demand well down. The hope is that, with the benefit of this year's rationalisation, the group will approach break-even during next year. There may be a chance of a token final dividend if that goal comes into sight. But, for the time being, prospective attributable losses per share outstrip the share price.

INDEX TO COMPANY HIGHLIGHTS

Interest and reclamation costs hit London & Northern Group

HIGH INTEREST rates and a downturn in metal reclamation and steel stockholding has resulted in London and Northern Group reporting a drop from £5.86m to £4.21m in pre-tax profits for the half-year to June 30, 1980. Interest charges rose from £2.32m to £3.7m.

The board says that although overall trading profitability of the construction and building products activities increased in the half-year, this improvement was not enough to offset the effects of high interest rates and a downturn in metal reclamation and seel stockholding activities which was accentuated in the period subsequent to the settlement of the steel strike.

It adds that net borrowings remained at a similar level to the beginning of the year.

After tax down from £1.56m to £1.23m and minorities of £490,000 (£640,000), stated earnings per 25p share are down from 6.4p to 4.3p. The interim dividend is unchanged at 1.4p — last year's total was 3.75p from pre-tax profits of £12.88m (£11.77m).

SSAP 15 has been adopted and comparisons are re-stated.

• comment

For a group whose major activity is construction, London and Northern has traded comparatively well in the first half. Trading profits are down by only 3.3 per cent and would have been better, but for a reduced contribution from the stockholding and scrap-metal businesses. Pre-tax earnings have held up considerably less well, however, being dragged down by a 59 per cent increase in interest charges. In the light of these negative factors, the performance of the construction side is particularly good. On the forecast of a similar pre-tax result in the second half, the prospective p/e is about 6. The shares moved up 1p to 35p, and would yield 15.9 per cent on a maintained final dividend.

Abwood chief faces barrage of questions at annual meeting

BY REG VAUGHAN

Mr. Geoffrey Suckling, chairman of Abwood Machine Tools, who took over executive responsibility from Mr. Alan Peck earlier this year, faced a barrage of detailed questions and criticism from a small shareholder at a lenghy annual meeting yesterday in Dartford.

The board was persistently questioned by Mr. Stanley Picton, a Slough chartered accountant, about the lack of detailed information on the year's £178,000 loss and about the role of the group's former auditors Shipley Blackburn, who resigned in August.

The announcement of a loss for the year ended March 31, 1980, followed the discovery of "serious discrepancies" in the company's administration, particularly relating to its accounting policies. Mr. Peck (who has a 14 per cent in the company) was dismissed as managing director in March and at yesterday's meeting was voted off the board.

Mr. Peck, who has claimed before an Industrial Tribunal that his dismissal was unfair, said yesterday that all procedures he carried out at the company were correct and that it had not been established otherwise.

Mr. Suckling said he "was under severe restraint to give full details," because of the legal action by Mr. Peck. "The problems stemmed from errors and omissions in bookkeeping," he added.

Asked by Mr. Picton whether any action was contemplated against the former auditors, Mr. Suckling said the company was considering what rights it had and might seek legal advice. The company would be interested to hear what the former auditors had to say at the Tribunal hearing in deciding its future course of action.

In their resignation letter, read out at the meeting, the former auditors said that they knew of "no circumstances connected with their resignation which should be brought to the attention of members."

Replying to a question from Mr. Picton about "substantial contingent liabilities" facing the group, Mr. Suckling said that these would be disposed of at minimal cost to the company within six months. The chairman revealed that the amount involved could be around £100,000 but, he refused to divulge the nature of the liabilities.

Reading from a prepared statement at the end of the meeting Mr. Suckling said that the position he took over at the company was "not what I bargained for and at one time I wondered whether the company could survive."

But "great things have been achieved" and, despite the setback in the engineering industry, total turnover in the first half of the current year was up from £477,530 to £708,601.

He reported that the company traded at a loss in the first five months but the position was now reversed and subject to a detailed check there was a break-even position in the first half.

Hawker Siddeley advances by £4.1m at six months

FOLLOWING ON the chairman's remark at the June annual meeting that trading for the first five months of this year had been noticeably better than for the same period of 1979, Hawker Siddeley Group increased pre-tax profits from £53.1m to £57.2m for the half year to June 30. Sales of this electrical and mechanical engineering concern rose from £555m to £617m.

The current level of trading and profitability is broadly comparable with the first six months, the directors state. Last year, taxable profits totalled £107.8m.

Pre-tax profits for the half year included associates' contributions £1m higher at £5.1m, although interest receivable fell from £4.5m to £1.6m.

Tax took £22.4m (£18.8m) of which £15.8m (£15.1m) was Corporation tax, with the remainder overseas. After minorities, attributable profits were up £0.7m to £29m.

Earnings per 25p share rose from 14.3p to 14.7p and the net interim dividend is maintained at 3p, again costing £5.91m—last year's final was 5p.

During the first half, world trade continued to show recessionary tendencies and in the UK these have been, and remain sharp, the directors say. The adverse effects continue to be particularly noticeable in the diesel engine sector.

Experience in the electrical sector has been more variable, with some product markets showing improvement and others reflecting the more generally difficult conditions.

Export deliveries from the UK were at a lower level than in the corresponding period last year, but there has recently been a little improvement in export order intake.

Sales for the period were split as to: UK £426m (£410m) and overseas £191m (£145m). Exports accounted for £146m (£171m).

The group's overseas interests are continuing to perform relatively well. The situation in Canada, however, has been affected by two serious industrial stoppages associated with the re-negotiation of labour contracts, one of which is now settled.

Results of overseas subsidiaries have been expressed in sterling at the approximate rates ruling at June 30, 1980.

The interim figures do not reflect the unfavourable difference arising on translation into sterling of overseas net assets for the purpose of the consolidated accounts, which was due to the strengthening of sterling in the half year.

The group's current practice is that this foreign exchange adjustment is treated as an extraordinary item, not forming part of the trading result in the full year accounts.

Lex Back Page

Trust Union increases interim

Revenue before tax of the Trust Union, an investment trust, expanded from £923,787 to £1.23m in the half year to September 30, 1980 and as forecast, the interim dividend is stepped up from 1.2p to 1.5p net. Last year a total of 2.7p was paid from pre-tax profits of £2.04m.

Six months' tax takes £402,184 (£300,728).

Net asset value is shown as 95.8p per share, against 75.8p at March 31 last.

Le Vallonet recovers at six months

Including dealing profits of £34,341 against losses of £26,280, Le Vallonet Investment Trust Company has produced a profit before tax of £53,402 for the half year to June 30, 1980, compared with a deficit of £7,042.

Turnover of the company, which is based in Jersey and ultimately held by Air Call (Holdings), fell from £2.17m to £1.07m. Earnings, after Jersey tax of £13,936 (£307), are shown as 2.17p (nil).

A single dividend of 1.5p gross was paid in 1979 from pre-tax revenue of £43,000.

BP Nutrition expands fish-feed interests

Trouw and Company NV of Holland, part of the BP Nutrition group, is finalising negotiations for a 5 per cent equity in T. Skretting, A/S Stavanger.

The negotiations envisage an exchange of technical information on feed for farmed fish and other livestock species. As part of its future development programme, Skretting is seeking contacts which could provide additional expertise and financial resources.

Skretting is the principal supplier of feed to the Norwegian fish-farming industry and has been a supplier of animal feed in south west Norway for more than 80 years, with an expected turnover this year of SKr 220m.

BP Nutrition is the leading supplier of feed to the European trout-farming industry and one of Europe's largest suppliers of specialist animal feed.

The proposed deal is subject to the approval of the Norwegian Government.

Sterling Crdt. appointment is confirmed

Sterling Credit Group states that consent has been received from the Secretary of State for Trade to the proposed appointment of Mr. J. N. Oppenheim as its managing director and therefore as controller, for the purposes of the Insurance Companies Act, 1974, of its wholly-owned subsidiary, Hillgate Life Assurance Company.

His appointment is now confirmed and will take effect immediately.

Kalamazoo finishes lower but payment maintained

RESULTS of Kalamazoo business systems and services group for the year ended August 1, 1980 have been prepared on a CCA basis and show pre-tax profits down from £3.76m to £2.93m. The published figure in 1978-79 was £4.59m.

The profits have been struck after inflation adjusted depreciation of £2.05m (£1.39m) but before the Kalamazoo Workers' Alliance bonus of £909,000 (same).

The directors are recommending a final dividend of 2.5p to maintain the total at 3.75p. Stated earnings per share are 4.2p compared with 4.9p adjusted and the published 7.1p.

Sales for the year amounted to £30.77m compared with £25.53m. Mr. Tom Morland, chairman, says high wage settlements in the printing industry and the biting effects of the recession resulted in reduced profits.

Although orders for replacement stationery held up well, as did income from existing users of computer systems, it became increasingly difficult during the latter half of the year to obtain new business.

Overseas business however, showed a welcome recovery with the new Irish subsidiary, David Millard having a very good year.

Mr. Morland says that as yet, there is little sign of the recession lessening and every indication that it will continue well into this financial year.

Consequently the Board [will] take advantage of the breath[ing] space offered by the lack [of] buoyancy in British markets [to] improve the effectiveness [and] efficiency of all activities, w[hile] reducing costs, and will be [con]tinuing the investment [pro]gramme despite the recession.

At home, the group is to [con]tinue the expansion of its mi[cro] computer systems—in which [over] £1m was invested last year—[and] will be launching new prod[ucts] during Spring 1981 and improving and expanding [its] current computer system p[ack]ages.

It will also be adding to [its] already comprehensive rang[e of] manual systems and will [be] concentrating heavily on a [pro]gramme of research and deve[lop]ment in order to create more opportunities to sell, [says] the chairman.

Overseas, the group is ai[ming] to expand the strong foot[hold] it has in the Arabian Penin[sula] and is looking seriously [at] export opportunities in o[ther] parts of the world.

LEIGH INTERESTS

The EGM of Leigh Inte[rests] will be held on October 2[?] at the company's registered of[fices] in Lindon Road, Brownh[ills,] Walsall. In Monday's Fina[ncial] Diary, the meeting [was] incorrectly stated as being [at the] Chamber of Commerce, Birmingham.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Brit. Home Stores int.	1.75	Jan. 2	1.75*	—	4.37*
Contintl. Un. Tst. int.	2§	Dec. 1	1.75	—	6
Duport int.	nil	—	2.13	—	5.24
Eleco Holdings	2.3	—	2.1	3.3	3
Greenbank Indstl. int.	0.45	Nov. 24	0.6	—	1.34
Hawker Siddeley int.	3	Dec. 31	3	—	8
Hoveringham Gp. int.	0.69	Dec 10	0.69	—‡	2.79
Jessel Toynbee int.	1.75	Nov. 21	1.75	—	4.63
Kalamazoo	2.5	—	2.64	3.75	3.75
London Nthn. Gp. int.	1.4	Dec. 31	1.4	—	3.75
London Sumatra int.	2	Jan. 8	2	—	8
MTD Mangula	9¶	—	15	38	27
Pressac	0.75	Dec.5	1.49*	1.26	2*
Smith St. Aubyn int.	4.5	Dec. 2	3.5	—	8
Telephone Rentals int.	2	Dec. 3	1.8	—	7.5
Trust Union int.	1.5	Dec. 5	1.2	—	2.7

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Total will be maintained at 2.875. § Increase to reduce disparity between interim and final. ¶ Zimbabwe cents throughout.

Increased deficit for Harland and Wolff

Harland and Wolff, the state-owned Belfast shipbuilding company, has reported an increased trading loss for 1979 of £24.4m and is warning that it cannot win new orders at other than substantial loss-making prices.

The 14 per cent rise in the trading loss from £21.4m in 1978 was foreshadowed in a Commons statement by Mr. Giles Shaw, the Industry Under-Secretary in Northern Ireland, in July when he announced that Government aid of £42.5m would be made available to the company in 1980-81.

The overall deficit increased from £25.5m to £43.3m last year, including a net addition of £11.6m to the provision for estimated future losses, a provision of £4.9m for the company's share of arbitration and other costs connected with a dispute with a U.S. shipowner and £1.6m incurred in reducing the labour force.

Sir Brian Morton, the retiring chairman, says in the annual report that in spite of some resurgence of world orders last year, the prevailing market forces created strong competition from the work-hungry ship building industries, especially in the Far East.

This was intensified by the strength of the pound, the weakness of the yen and high inflation in the UK.

"The financial terms on which it is believed our competitors accepted orders were such that most of them could not be matched within the limits set, in our case, by the Government and the EEC, as regards either price or credit," he says.

The continued low performance at the yard and the failure of several major sub-contractors to deliver components on time, combined to create the very serious trading loss. It had also been necessary to provide a further £11.6m for future losses on contracts due to be completed after December, 1979.

Sir Brian said that unless there was a real improvement in world trading conditions, it was unrealistic to expect any new shipbuilding orders at other than loss-making prices.

However, the company was now better poised to compete more effectively for new orders which should be generated by the need of shipowners to replace their older vessels.

Harland and Wolff, which is wholly owned by the Northern Ireland Department of Commerce, has trimmed its labour force from 10,000 to under 7,000 in recent years.

The current order book consists of two tankers for BP, two liquid gas carriers for leasing to Shell, and two ferries for Sealink which are due for delivery shortly.

The Government is examining the possibility of further diversification within the company. It will also review the structure of the board and consider an increase in the share capital.

ARCOLECTRIC

Judging from present trends, the second half will not be as profitable as the first for Arcolectric (Holdings), state the directors in their interim report. As already announced, the pre-tax surplus for the six months to June 30 last rose to £144,157, compared with £35,186 in the corresponding period.

SPAIN

October 22	Price %	+ or −
Banco Bilbao	252	
Banco Central	282	
Banco Exterior	219	
Banco Hispano	244	
Banco Ind. Cat.	125	
Banco Madrid	141	
Banco Santander	284	
Banco Urquijo	132	
Banco Vizcaya	261	
Banco Zaragoza	220	
Dragados	110	
Espanola Zinc	67	−3
Fecsa	64.2	
Gal. Preciados	32.5	
Hidrola	69	+0.5
Iberduero	65	−0.2
Petroleos	114	+1
Petroliber	88.5	
Sogefisa	102	
Telefonica	63	+0.8
Union Elect.	69	

EUROPEAN OPTIONS EXCHANGE

Series		Dec. Vol.	Dec. Last	Mar. Vol.	Mar. Last	June Vol.	June Last	Stock
GM C	$45	5	5½	—	—	—	—	$49⅛
GM C	$50	5	3	—	—	—	—	"
		Jan.		April		July		
ABN C	F.300	4	14	—	—	—	—	F.304
AKZ C	F.20	58	0.90	85	1.60	10	1.90	F.19.60
AKZO C	F.22.50	7	0.30	14	0.70	—	—	"
AKZO C	F.25	35	0.20	—	—	—	—	"
AKZO P	F.20	62	1.50	12	2A	—	—	"
AKZO P	F.22.50	46	3	6	3.80 A	—	—	"
AMRO C	F.55	5	1.80	10	3	—	—	F.53.50
KODA C	$70	2	4	—	—	—	—	$70
HEIN C	F.50	—	—	1	6.70	—	—	F.53
HEIN C	F.55	27	1.30	1	3.50	—	—	"
HEIN C	F.60	5	0.80	—	—	—	—	"
HEIN C	F.65	—	—	5	0.70	—	—	"
HEIN P	F.55	23	3.90	2	4.50	—	—	"
HOOG C	F.15	—	—	—	—	2	1.50 A	F.15.60
HOOG C	F.17.50	—	—	8	0.60	—	—	"
IBM C	$70	1	2⅞	—	—	2	5⅝	$67¼
IBM P	$65	—	—	—	—	2	3⅝	"
KLM C	F.55	5	5	—	—	—	—	F.58
KLM C	F.60	14	1.90	—	—	—	—	"
KLM P	F.55	28	2.90	—	—	—	—	"
KLM P	F.60	23	5.10	—	—	—	—	"
NATN C	F.120	—	—	26	4	—	—	F.117.[illegible]
PETR C	Fr.4500	1	1000	—	—	—	—	Fr.5400
PETR P	Fr.5500	7	220	—	—	—	—	"
PETR P	Fr.5500	5	180	—	—	—	—	"
PHIL C	F.15	78	2	—	—	2	2.80	F.16.70
PHIL C	F.17.50	53	0.60	10	0.90	—	—	"
PHIL C	F.20	—	—	—	—	20	0.60	"
PHIL P	F.17.50	13	1	—	—	47	1.70	"
OLIE C	F.160	5	46	—	—	—	—	F.204.[illegible]
OLIE C	F.170	53	35.50B	—	—	—	—	"
OLIE C	F.180	90	25.50	57	28.50B	—	—	"
OLIE C	F.190	243	17.20	154	19.50	—	—	"
OLIE C	F.200	564	11.70	39	14	21	16.50	"
OLIE P	F.160	—	—	6	0.50	—	—	"
OLIE P	F.170	24	0.40	35	1	—	—	"
OLIE P	F.180	139	0.90	10	2.80	—	—	"
OLIE P	F.190	376	2.60	12	5.30	18	6	"
OLIE P	F.200	158	6.50	25	9.40	24	11	"
UNIL C	F.120	3	6.50	—	—	—	—	F.125.50
UNIL P	F.130	5	1.80	18	2.50	—	—	"
UNIL C	F.120	5	1	—	—	—	—	"
UNIL P	F.130	—	—	—	—	1	9	"
EXON C	$80	8	3⅝	—	—	—	—	$79⅛
		Nov.		Feb.		May		
BOEI C	$40	2	⅝	—	—	9	3¼	$36
BOEI P	$40	1	5	—	—	—	—	"
OCCI C	$35	—	—	1	2¼	—	—	$32 1/16
SLUM C	$110	—	—	11	12A	—	—	$114⅞
SLY C	$80	5	36	—	—	—	—	"
SLY C	$86/10	—	—	5	30	—	—	"
SLY C	$93/86	5	23	—	—	—	—	"
SLY C	$100	1	16	5	19B	—	—	"

TOTAL VOLUME IN CONTRACTS 2916
C=Call P=Put

ISSUE NEWS

London listing for Thomas Nationwide Transport

Thomas Nationwide Transport Ltd. (TNT) announced in Sydney yesterday that its shares will be listed on the London Stock Exchange. Trading will begin on October 27.

TNT, which has shipping interests in several countries, also owns half of Ansett (one of the principal domestic airlines in Australia). Over half its business, however, is in road and rail transport; its UK subsidiary TNT Inter-County Express is one of the largest parcel express services in Britain.

In the year to June 30, 1980, the consolidated net operating profit of TNT was A$40,156,000, or £19.3m. This figure included the contribution from Ansett.

To coincide with the London listing, TNT will be placing 1.85m of its 50 cent ordinary shares with a small number of UK and European investors. The shares will be placed at A$2.65 (£1.272) per share. The placing will raise A$4.9m (£2.35m), and increase the group's issued capital to 116.33m shares.

The proceeds will be used as additional working capital. The new shares will rank in all respects pari passu with shares previously issued, being eligible for all future dividends.

TNT's chairman, Sir Peter Abeles, said that the London listing reflects hte proportion of TNT's equity held by British investors. Earlier this year, TNT voluntarily gave up its listings on the Toronto and Vancouver exchanges.

Joint venture Page 31

ICI CONVERSIONS

Holders of a further 903 ICI $1,000 6¾ per cent convertible guaranteed bonds due 1997 have exercised their right of conversion into ICI ordinary stock.

The number of bonds now outstanding is 37,244, representing $37.24m.

ALLERTON

Allerton Industries, a private engineering company based in North Yorkshire, announces that the Moorside Trust and another financial institution have each subscribed for £120,000 of convertible loan stock in the company. The money will be used to further promote the growth of the company. Energy Finance and General Trust acted as financial advisers in the transaction.

Rights results

The following companies have announced acceptance figures in respect of their recent rights issues:

BTR: Of the 20,007,506 shares issued, 18,567,281 (92.8 per cent) were taken up.

Burnett and Hallamshire Holdings: Acceptances were received in respect of 96.16 per cent of the shares.

Intervision Video (Holdings): The rights of preference ordinary and participating preference shares was accepted as to 97.543 per cent and 87.097 per cent respectively.

NEW GILT ALLOTMENTS

The new £800m Exchequer 11¾ per cent 1986 stock has been allotted in full at the minimum price of 95¾.

Eleco tops profit forecast

Taxable profits of Eleco Holdings for the 12 months to end-June, 1980, are marginally higher than the directors' forecast of last May when they said group profits before tax would be similar to 1979's £1.65m.

In the event, they rose to £1.71m on turnover up from £17m to £19.79m. At mid-term there was a surplus of £810,000, compared with £707,000 a year earlier.

As foreshadowed, the total dividend is being raised from 3p to 3.3p net with a final of 2.3p.

Tax for the year increased from £220,000 to £385,800.

Eleco is a holding company with interests in street lighting, road signs and electrical engineering.

Barrow Hepburn sale delayed

Completion of the sale of Barrow Hepburn Group's shares in Colver Watson Holdings to Strong and Fisher (Holdings), announced on September 12 has been delayed pending the outcome of legal proceedings commenced in New Zealand by a third party.

Acting on legal advice, the action is being defended vigorously, the Barrow Hepburn Board states.

Telephone Rentals climbs to £6.31m

AN INCREASE of 17.9 per cent from £5.35m to £6.31m in pre-tax profits is reported by Telephone Rentals for the six months to June 30, 1980. Turnover of the group, which has interests in telecommunications, data communications, time control and fire detection equipment, jumped from £18.4m to £24.94m. The pre-tax figure was struck after depreciation up from £2.13m to £2.48m.

The increase in profits, says the board, reflects to some extent the bringing into service of installations delayed during 1979 as a result of the dispute in the engineering industry.

It adds that new sale business taken by the group is well ahead of 1979's figures, but new rental business secured shows a smaller increase than expected. As a result of the present economic climate in the UK, margins are under pressure with a consequent adverse effect on profitability during the second half of the year.

Despite this, the directors are confident that the results for the full year will still be satisfactory.

After tax up from £1.55m to £2.1m and minorities of £17,000 (£15,000), profit attributable comes out at £4.2m (£3.79m). Stated earnings per 25p share are 10.82p against 9.75p, and the interim dividend is raised from 1.8p to 2p—last year's total was 7.5p from pre-tax profits of £11.27m.

Rentals contributed £11.92m (£10.46m) to the group turnover in the first half, but sales and other businesses advanced considerably from £7.94m to £13.02m.

● comment

Fortified by the increasingly rare sight of a company managing a pre-tax profits rise, the market put Telephone Rentals shares up 5p to 285p. Assuming a similar increase in the final dividend, the prospective yield is 4.2 per cent. But the interim profits are not as good as might have been expected at the outset of the year. While sales are ahead strongly, rental looks to have shrunk in volume terms, with over half the contracts on inflation-linked pricing. There is still room, despite the impact of recession on rentals, for the group to maintain its unbroken record of increased profits, but with a relatively modest rise to perhaps £12m in sight, helped along by interest receivable—£415,000 last year. The prospective fully-taxed p/e of 19 must have an eye to the ending of the British Telecom equipment monopoly, but the impact of this will not be felt until well into next year.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—BSG International, East Rand Gold and Uranium, Gill and Duffus, Norman Hay, Hunting Associated Industries, F. J. C. Lilley, London and Provincial Poster, Stanley Miller, Portsmouth and Sunderland Newspapers, Sphere Investment Trust, Wilkins and Mitchell.

Finals—Burgess Products, Free State Geduld Mines, William Low, McKechnie Brothers, President Brand Gold Mining, President Steyn Gold Mining, Saga Holidays, J. Smart (Contractors), Spencer Gears, Transvaal Consolidated Land and Exploration, Welkom Gold Mining, Western Holdings.

FUTURE DATES

Interims—

BPB Industries	Nov. 25
Boot (Henry)	Nov. 6
Boots	Nov. 13
Coats Brothers	Oct. 28
Hambros Investment Trust	Nov. 6
Press (William)	Oct. 30
Tharsis	Oct. 27

Finals—

Pochins	Oct. 27
Ramar Textiles	Nov. 6

LONDON TRADED OPTIONS

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP	300	160	1	168	—	—	—	459p
BP	330	130	—	140	10	150	15	"
BP	360	100	10	118	—	125	4	"
BP	390	70	59	90	115	102	—	"
BP	420	40	81	64	121	76	—	"
BP	460	—	—	43	188	58	1	"
Com. Union	140	25	1	33	—	38	—	164p
Com. Union	160	5	73	18	17	24	15	"
Com. Union	180	4	15	7	4	15	—	"
Cons. Gold	460	175	—	200	1	—	—	633p
Cons. Gold	550	85	—	120	1	142	1	"
Cons. Gold	600	35	48	85	15	108	1	"
Cons. Gold	650	¼	196	53	6	75	—	"
Cons. Gold	700	¼	35	30	12	50	11	"
Courtaulds	50	16	—	19	5	20½	2	66p
Courtaulds	60	6½	5	10	17	14½	4	"
Courtaulds	70	½	20	6½	117	9½	3	"
Courtaulds	80	¼	38	3½	25	—	—	"
Courtaulds	90	¼	5	1½	—	—	—	"
GEC	460	100	—	125	—	143	25	557p
GEC	500	60	5	93	1	110	—	"
GEC	550	12	233	55	75	75	—	"
Grand Met.	130	28	22	37	5	—	—	157p
Grand Met.	140	18	6	27½	103	32	—	"
Grand Met.	160	¼	121	13½	77	20½	—	"
Grand Met.	180	¼	11	5½	—	11	—	"
ICI	300	22	1	45	—	54	—	322p
ICI	330	¼	20	25	3	31	—	"
ICI	360	¼	52	11	—	17	—	"
ICI	390	¼	69	6	—	12	—	"
ICI	420	¼	45	—	—	—	—	"
Land Secs.	323	65	—	82	12	—	—	387p
Land Secs.	353	35	34	55	—	—	—	"
Land Secs.	390	¼	266	31	1	47	3	"
Land Secs.	420	¼	4	17	48	33	—	"
Marks & Sp.	90	23	16	26	—	30	—	112p
Marks & Sp.	100	13	70	17	11	24	—	"
Marks & Sp.	110	3	87	9½	2	16	11	"
Shell	390	70	1	90	10	102	—	459p
Shell	420	40	11	66	41	82	—	"
Shell	460	2	20	42	7	58	1	"
Totals			1681		105		97	
		November		February		May		
Imperial Gp.	90	¾	35	3	—	4½	—	76p
Lonrho	94	25	134	32	—	—	—	117p
Lonrho	104	15	25	22	55	—	—	"
Lonrho	114	8	99	16	16	—	—	"
Lonrho	120	5	60	12½	20	19	—	"
P. & O.	100	26½	—	27	1	—	—	124p
P. & O.	110	16	7	20	—	24½	—	"
P. & O.	120	6½	11	15	20	19½	—	"
P. & O.	130	4	—	10	2	12½	2	"
Racal Elec.	220	128	10	—	—	—	—	344p
Racal Elec.	240	108	10	—	—	—	—	"
Racal Elec.	280	68	11	84	—	98	—	"
Racal Elec.	300	48	23	68	—	83	—	"
Racal Elec.	330	24	52	47	7	64	—	"
Racal Elec.	360	9	29	30	19	46	1	"
RTZ	454	30	—	48	5	75	—	474p
RTZ	494	12	11	30	6	53	—	"
Totals			517		150		3	

BIDS AND DEALS

Bally (UK) buys part of Elliott footwear chain for £1.75m

Bally (UK), part of the Oerlikon Buehrle Swiss industrial group, is acquiring eight shoe shops from the T. Elliott and Sons chain for £1.75m cash and has an option on three more.

Elliott said yesterday that historically 13 of the company's chain of shoe shops were owned by a company called Elliott and Wade, in which it had a substantial minority holding. The majority holders in Elliott and Wade wished to dispose of these retail outlets for cash.

Elliott was not in a position to acquire all the outlets itself so Bally (UK) was found as an additional outside buyer. The remaining two shops have been acquired by Elliott and Sons.

Mr. Adrian Elliott said the deal enables both companies to fulfil their respective objectives. With the additional two shops acquired, Elliott will now have 15 retail outlets, all in prime sites. Also £1.2m cash will be paid to Elliott by Bally for the interest in Elliott and Wade which Elliott will use to further expand its UK retail outlets.

BOWTHORPE FORMS NEW WEST GERMANY SUBSIDIARY

Bowthorpe Holdings, the electronic and electrical components group, has formed a new West German subsidiary to be known as Hellermann Engineering GmbH.

The new wholly-owned company takes over the development and engineering activities previously handled by the engineering division of Paul Hellermann GmbH, the Bowthorpe subsidiary based in Pinneberg.

Hellermann Engineering will be responsible for the development and engineering relating to precision plastics moulding and wiring hand tool manufacture of the Hellermann group world-wide, excluding Hellermann Deutsch, and the heat-shrink products of Hellermann Electric in the UK.

It will operate as a completely separate entity from Paul Hellermann, although the company will remain on the same site.

New 17.5% stake in Sizewell European

The Rothschild Investment Trust and Mr. Deruld H. Ruttenburg have each bought 700,000 ordinary shares in the Sizewell European Investment Trust, representing 17.5 per cent of the Sizewell issued share capital.

Mr. Ruttenburg is chairman of Madison Fund Inc., and a director of I.U. International Corporation and of McGraw-Edison Company. He and RIT have informed Sizewell of the purchase, and will be meeting the Sizewell Board shortly to discuss development of the Trust, which is largely invested in European blue-chip industrial stocks.

Two trusts managed by Target Trust Managers, an RIT subsidiary, already hold 5.4 per cent of Sizewell.

The purchases were made from a single source, but RIT says it has been advised that the deals do not breach the Council for the Securities Industry's temporary restrictions on major share purchases.

While the new investors' intensions for Sizewell are not yet known, it is thought to be intended as a vehicle for developing co-operation between the parties.

Tea producers 'must be protected' says Lawrie

ALTHOUGH the crops of the Malawi and Bangladesh subsidiaries of Lawrie Plantation Holdings are well ahead of last year, Mr. H. J. K. Fitzgerald, the chairman, says in his annual report that a large proportion has yet to be sold. The proportionate contribution to group results in 1980 is at present conjectural.

Unfortunately, he says, there is no assurance of any significant improvement in the depressed state of the tea market, and as production costs continue to rise it becomes increasingly imperative that a measure of international agreement is reached which will effectively protect tea producers during periods of excessive supply.

He says there can be no certainty as to when or to what extent the profitability of the group's tea plantation interests will be improved. It is the intention to take advantage of suitable investments for the future.

The British Government has made funds available for the rehabilitation of the Bangladesh tea industry, but these have not yet reached the operating companies due to delays in implementing the programme. He hopes this assistance will become available shortly.

As known, the group reported pre-tax profits down from £5.8m to £1.99m in the year to December 31, 1979. Turnover was drastically lower at £7.59m (£16.3m).

Shareholders' funds at the year end totalled £22.38m (£17.63m).

The auditors state they are unable to satisfy themselves as to the value of the group's investment in Stewart Holl (India) amounting to £1.38m.

Brooke Tool makes dividend forecast

In the formal offer document for Provincial Cities Trust, the directors of Brooke Tool, Engineering state that they expect pre-tax profits for the second half to September 30, 1980 will be of a similar order to those of the first half, making another record year.

Accordingly they would recommend a final dividend of 2.05p making 3.5p (2.8875p).

OMNIBOARD

Omniboard, of Solihull, has agreed to acquire the business of Board-Print (Burnley), which has mills at Stainland, West Yorkshire, and Romiley, Cheshire.

Mystery buyer's Sun Life stake

The Kuwait Investment Office has sold a large block of shares in Sun Life Assurance Society to an undisclosed buyer at around 250p a share. No further details have yet been released by the Kuwait office or by stockbrokers Laing and Cruickshank, who handled the transaction.

Prior to this deal, The Kuwait Investment Office held 5,525,000 shares in Sun Life — 9.59 per cent of the equity. It is not known whether all or part of the holding was involved. But there are rumours in the market that a U.S. insurance company has acquired around 10 per cent of the equity capital of Sun Life, indicating that the whole of the Kuwait investment has been sold.

The share price of Sun Life improved by 14p to 242p

ASSOCIATES DEAL

Rowe and Pitman, associates of Mining Supplies, on October 21, bought on its behalf 60,000 Laurence Scott shares at 57p.

SHARE STAKES

Achimedes Investment Trust—Courtaulds C.I.F. Nominees reduced holding of income shares to 390,000 (23.6 per cent of those in issue and 7.9 per cent of total issued share capital).

Altifund — Sun Life Assurance purchased shares on October 10 increasing holding to 125,500 income shares (5.2 per cent).

Cattle's (Holdings)—M and G Investment Management notifies that certain of its unit trusts pension fund charities and assurance funds hold in total 8.1 per cent of company's shares.

Moorgate Mercantile Holdings—R. F. Patchett, director, sold 100,000 shares at 17p

Dixons Photographic — J. Horal, director, sold 33,333 shares.

Petbow Holdings—M and G Investment Management holds 890,000 shares (6.7 per cent).

Hestair—D. Hargreaves, director, has sold 30,000 shares.

Sizewell European Investment—London Trust has recently sold 100,000 ordinary shares, reducing its holding to 1.4m shares (17.5 per cent).

J. Saville Gordon Group—Industrial Metal Services, a private company owned by J. D. Saville, director, has disposed of 50,000 shares.

A. and J. Mucklow Group—Children of Albert Jothan Mucklow, director, have disposed of 50,000 shares at 200p leaving his holding 1,522,749 shares (5.88 per cent). Allan John Mucklow, director, notifies that Anadius Investments has disposed of 130,000 shares at 200p and Lanzerac Investments has disposed of 20,000 shares at 200p leaving his holding at 2,321,098 shares (8.96 per cent).

Windshields Group acquired by Ring Lamp

The Leeds-based Ring Lamp Group has acquired Windshields Group, operators of Britain's biggest on-the-spot emergency windscreen replacement service.

Windshields, with a £6m turnover, operates a network of 82 regional fitting stations and depots throughout the UK, and employs 300 people.

Ring is involved in the manufacture, marketing and distribution in the UK and overseas of bulbs and electrical components for the auto industry.

Group turnover, including windshields, is now more than £17m. Mr. Danny Rivlin, chairman of the privately-owned Ring Group, says the deal is a major step forward and Windshields is "clearly set for considerable growth."

Tecalemit lifts Fogautolube stake to 85%

Tecalemit has acquired a further 15 per cent of Fogautolube SA from Graco Inc. of Minneapolis, for FFr 3.3m (£325,000). The purchase brings Tecalemit's holding up to 85 per cent.

Fogautolube is engaged in the manufacture and sale of garage and vehicle servicing equipment.

MARAWAN INVTS. ACCEPTANCES

The offer by Mr. and Mrs. J. Gardner for Marawan Investments has been accepted in respect of 6,773 ordinary (1.23 per cent), 8,733 deferred ordinary 10p shares (1.6 per cent) and 6,733 deferred ordinary 1p shares (1.23 per cent). They now control 47,174 ordinary (87.23 per cent), 479,174 deferred ordinary 10p (87.6 per cent) and 477,174 deferred ordinary 1p (87.23 per cent).

OP CHOCOLATE PURCHASE

OP Chocolate, a subsidiary of the Associated Biscuit Manufacturers, has acquired Newman's Chocolates. The consideration of £160,000 has been satisfied by the issue of 250,000 ordinary ABM shares.

The Council of The Stock Exchange has admitted the new shares to the Official List. The new shares rank pari passu in all respects with the existing ordinary shares.

MINING NEWS

Mangula has setback in second half

THE South African Messina group's copper-producing subsidiary in Zimbabwe, MTD (Mangula), has suffered a setback in the second half of the year to September 30. A final dividend of only 9 cents (6p) is declared following the interim of 29 cents. The total for the previous year was 27 cents.

Net profits for the full year to September 30 last are higher at Z$9.24m (£6.16m) compared with Z$6.51m in 1978-79; the respective earnings per share figures are 46.2 cents and 32.5 cents.

The decline in second half earnings to Z$2.3m will have been a result of lower copper prices which on the London Metal Exchange averaged about £890 per tonne compared with just over £1,000 in the first half. *In addition, metal sales* were lower in the second half. Mangula shares were 10p down at 105p yesterday.

ENDEAVOUR'S GOLD PROSPECT

Australia's Endeavour Resources, in which Bond Corporation has a 42 per cent stake, reports that a full feasibility study has begun at its alluvial gold deposits in Sulawesi, Indonesia. The study is expected to be completed early next year and is being carried out by Utah Exploration.

Lower earnings for Cominco

BY KENNETH MARSTON, MINING EDITOR

CANADA'S Cominco, the metals and chemicals concern in the Canadian Pacific group saw earnings decline last quarter to C$29.3m (£10.3m). This brings the nine months' total to C$123.9m, or C$6.90 per share, from C$138.4m in the same period of last year.

Earnings have been affected by production problems at the Trail lead smelter, which lowered lead output and raised costs, and short-term interruptions to production at the Carsland urea plant in Alberta and the Rubiales mine in Spain.

Cominco's lead-zinc producer in the North-West Territories, Pine Point Mines, has produced a lower nine-month profit of C$18.1m against C$34.5m a year ago.

The group's Vestgron lead-zinc mine in Greenland also reports lower earnings for the past nine months. They amount to C$6.9m compared with C$15m last year.

Pre-tax profits were higher, but Vestgron has had to make its first provision for the full amount of concession taxes amounting to C$7.3m against only C$400,000 last time.

St. Joe keeping ahead

DESPITE the fall in lead prices, America's biggest producer of the metal, St. Joe Minerals, is still raising its earnings. Net income for the past nine months has moved up to $86.6m (£35.6m) compared with $69m in the same period of last year.

Mr. John Duncan, the chairman, points out that the good performance reflects "improvements in St. Joe's oil and gas, coal and international minerals businesses which offset the decline in income from lead operations."

During the third quarter coal sales by the A. T. Massey subsidiary — one of the largest U.S. coal exporters — increased to 3.5m tonnes while operating profits of the oil and gas interests were 66 per cent up on the same period of 1979 as a result of increased sales and higher prices.

Lead earnings were below those of a year ago but third quarter sales were better than those of the previous three months thanks to improved demand from battery makers. Third quarter zinc operations were "modestly profitable."

OIL AND GAS

Baltimore Canyon gas find

BY GEORGE MILLING-STANLEY

THE WORLD'S largest oil company, America's Exxon, has found gas in the Baltimore Canyon off the coast of New Jersey. The company said that its well on Block 599 flowed gas at a daily rate of 8m cubic feet.

The production test of a zone between 12,370 ft and 12,420 ft deep through a ¾-inch choke confirms the productivity of a zone which Exxon had earlier said was a potential producer.

The well is about 100 miles east of Atlantic City, and about one mile east of a gas discovery by Texaco on Block 598.

Exxon said that it plans to test a further zone at a shallower depth.

While the latest results are encouraging for Exxon, additional wells will probably have to be drilled in the area to determine whether gas is present in sufficient quantities to justify the cost of bringing it ashore.

* * *

FOLLOWING THE failure of Narelle No. 1 to encounter any significant indications of hydrocarbons, Hartogen Energy has moved the Intairdril rig to its Beldene No. 6 drill site. Narelle No. 1, in Queensland's Surat Basin, was completed as a water well.

Beldene No. 6 is located about 720 miles north-west of Beldene No. 5, which flowed gas at a rate of 7.6m cubic feet per day, and and almost 1,500 miles north-west of the discovery well Beldene No. 1, which flowed gas at 8.2m cfd.

The estimated total depth of Beldene No. 6 is 4,800 ft.

Working interests are: Hartogen Energy 50 per cent, Australian Aquitaine Petroleum 25 per cent, Alliance Mineral Australia 12.5 per cent and Cliff Oil (Australia) 12.5 per cent.

The interests are subject to royalties totalling 14.65 per cent, and in addition Australian Oil and Gas Corporation has a 10 per cent net profit interest.

UK COMPANY NEWS

London Sumatra slightly lower

Pre-tax profits of London Sumatra Plantations amount to £4.35m in the first six months of 1980 compared with £4.47m in the same period last year, but after a lower tax charge of £1.87m against £2.03m, net profits show an improvement from £2.45m to £2.49m.

The interim dividend is being maintained at 2p—last year's total was 8p from pre-tax profits of £9.82m. Earnings per 10p share for the first half are stated as 15.6p aaginst 15.36p.

Turnover amounted to £9.07m (£8.63m). Harvested crops (in '000 kgs) in Indonesia and Malaysia show rubber 9.100 (9,200); palm oil and kernels 21.900 (19,900): tea 600 (480): coffee 70 (130) and cocoa 170 (130).

Harrisons and Crosfields, the plantations and industrial group, has a 45.9 per cent stake in London Sumatra.

Continental Union Trust at £822,000

Pre-tax revenue of Continental Union Trust Co. for the half-year to September 30, 1980, improved from £689,285 to £821,855 and the interim dividend is being stepped up to 2p net (1.75p) as forecast to reduce the disparity between interim and final payments.

Last year a second interim of 4.25p was paid in lieu of a final from taxable revenue of £1.6m.

Tax for the six months took £268,880, compared with £227,884, and net assets per 25p share are given as 194p (152.7p as at March 31, 1980).

Medens Trust new business at good level

Mr. Alford Collins, chairman of Medens Trust, financier, told the annual meeting yesterday that despite higher interest rates, new business had continued at a very satisfactory level since his report in August.

On prospects for the current year, he said that a policy of keeping borrowing and lending closely in line should enable the group to maintain last year's record profitability. But he added: "This policy may also have a stabilising influence on our rate of growth when interest rates begin to fall."

Pre-tax profits of this unquoted company were £747,080 (£636,153) in the year to June 30, 1980.

In Brief

HTV GROUP (TV programme contractor for Wales and the West of England and fine art dealer)—Results for the year to July 31, 1980, announced September 26. Shareholders' funds £11.33m (£9.8m), bank loans (secured) £900,000 (£1.1m), bank overdrafts (unsecured) £3.53m (£2.14m). Meeting: The Television Centre, Cardiff, November 13, 12.30 pm.

STEWART AND WRIGHT (baker and confectioner)—Pre-tax profit for the year to March 29 1980, £17,851 (£19,140). Turnover £2.29m (£7.06m). Tax took £9,715 (£8,274), leaving stated earnings per share of 4.23p (25.34p). Figures are not truly comparable as the hotel operations ceased in April, 1979, and since then the company has been in receipt of rental income from the hotel property. During the year company's properties were revalued at £353,000.

PRESTFICH PARKER (nuts and bolts manufacturer)—Pre-tax profit for year to June 30, 1980, £36,357 (£37,124); tax £18,278 (£9,868). Final nil (same), interim already paid 0.5p (nil).

JOHN MICHAEL (SAVILE ROW)—Turnover year to January 26, 1980, £4.95m (£3.18m). Group loss £390,612 (profit £544,958) after extraordinary item and tax £21,658 (£2,000). Loss per share after extraordinary item 15.69p (earnings 21.89p).

MURRAY GLENDEVON INVESTMENT TRUST — Results for year to July 31, 1980 already known. Equity shareholders' interest, £15.31m (£12.38m). Investments, £20.62m (£15.49m). Unrealised capital gains, £6.64m (£4.06m). Chairman says it is intended to maintain a balanced international portfolio, based primarily in UK and the U.S. with significant interests in Japan, Far East, Australia and Europe. To increase franked income, proportion invested in UK is likely to be increased. Meeting, Glasgow, November 10 at 2.30 p.m.

CANTORS (furniture, carpets and bedding)—Results for year to April 26, 1980 already reported. Shareholders funds £4.44m (£4.76m). Bank overdraft, £264,073 (nil). Bank loans £2m (same). Chairman states that first-half of financial year started badly and, along with other retailers, company is suffering from the prevailing economic conditions. It is hoped that alterations which company has made, and others which are contemplated will better equip it to fight its way out of present recession. Meeting, Sheffield, November 26 at noon.

GRIPPERRODS HOLDINGS (carpet under lays, fittings and accessories double glazing and home improvement products)—Results for year to April 30, 1980 already reported. Shareholders' funds, £3.94m (£2.37m). Stock and work in progress, £3.34m (£1.82m). Bank overdraft, £1.26m (£44.011). Short term loan, £45,126 (nil). Proposed to increase borrowing limit to aggregation of paid-up capital and reserves. Also proposed is appointment of associate directors. Meeting, Horsham, Sussex, October 27 at 11 a.m.

STODDARD HOLDINGS (carpets)—Results for year to May 31, 1980 already known. Shareholders' funds £7.86m (£7.9m). Short term borrowings £4.98m (£3.2m). Stocks £8.6m (£6.75m). Meeting, Elderslie, Renfrewshire, November 12 at noon.

PARKER KNOLL GROUP—Results for the year to July 31, 1980 announced September 30. Shareholders' funds £12.77m (£11.39m), bank overdraft £41,000 (nil), balances at bank £257,000 (£176,000). Historic pre-tax profit of £3.58m £2.53m) reduced to £2.73m (£2.03m) on a CCA basis. Meeting, The Town Hall, Queen Victoria Street, High Wycombe, November 14, 12.30 pm.

CHAMBERS AND FARGUS (seed crusher and edible oil refiner)—Results for the year to June 28, 1980, announced September 16. Shareholders' funds £1.2m (£1.09m), bank overdraft secured £138,882 (£336,592), cash in hand £92 (£445). Meeting: Wincolmlee, Hull, November 14, noon.

Hoveringham rises mid-term but warns about second half

ALTHOUGH taxable profits of Hoveringham Group showed a modest rise from £1.09m to £1.39m in the first half of 1980 the advance was not as great as the board had hoped for from a substantial increase in turnover —up by almost £10m to £37.88m.

The chairman, Mr. G. H. C. Needler, says signs of the deepening recession were already becoming apparent at the time of his annual statement in early June.

He says an encouraging first quarter did not mislead the board and since then the effects of lower volumes, increased costs and high interest rates have seriously curtailed profits.

The consequences for the construction-related sectors of the group's business were inescapable and there is a limit beyond which internal economies can help to balance their impact, the chairman warns.

The second six months are not going to be any easier for the group. There are too many uncertainties to hope for an improvement, but the company should remain profitable and will maintain its dividend, comments Mr. Needler.

He says he sees the country in deep recession for at least the next 12 months but the group intends to maintain its competitiveness and efficiency. Some rationalisation, with unavoidable redundancies, has already taken place.

The directors are paying a same-again interim dividend of 0.6875p net—last time a final of 2.1p was paid from taxable profits of £3.8m.

Interest charges paid less received rose sharply in the half year from £667,000 to £1.4m and depreciation advanced to £2.6m, compared with £1.37m a year earlier.

Tax took £497,000 (£338,000) leaving a net surplus of £895,000 against £751,000 and stated earnings per 25p share of 4.53p (3.89p)—excluding extraordinary items which amounted to £116,000 (£7,000). Retained profit improved to £839,000 (£586,000).

Hoveringham operates quarries which produce gravel, sand, limestone and gritstone. It also produces ready mixed concrete and is in transport, waste disposal, leisure and insurance.

Greenbank Ind. plunges

PRE-TAX profits of Greenbank Industrial Holdings, engineer and property developer, plunged from £841,057 to £453,098 in the half-year to June 30, 1980. Turnover was also lower at £4.59m compared with £4.6m.

The board says that although cuts have been made and continue to be made in production capacity and overhead expenses, it is difficult to see much improvement in profitability in the second half.

It adds that due to the prevailing economic conditions, orders are proving difficult to obtain and the group has been forced to accept lower margins.

The pre-tax figure was struck *after* depreciation up from £83,637 to £114,239 and interest charges of £44,739 (£77,746).

There was a tax charge of £252,500 (£437,299). The interim dividend is cut from 0.6p to 0.45p net—last year's total was 1.34p from pre-tax profits of £2.09m (£2.28m).

Improvement by Smith St. Aubyn

The board of Smith St. Aubyn and Co. (Holdings) announces that earnings for the period April 5, 1980, to September 30, 1980, were considerably greater than those for the same period last year. The interim dividend is raised from 3.5p to 4.5p net.

For the year to April 5, 1980, this investment holding company with interests in discount broking and banking, paid a final dividend of 4.5p. Profits for the period were down from £1.5m to £1.1m, after tax.

Jessel Toynbee back in profit

The first half of the year to April 5, 1980, has produced a very satisfactory profit, say the directors of Jessel, Toynbee and Company, discount house. There was a loss in the corresponding period last year, and a net deficit for the full 12 months of £50,000.

The interim dividend is repeated at 1.75p net — last year's final was 2.875p.

APPOINTMENTS

ICI group posts

Mr. R. N. Hodge, deputy chairman of the Mond Division of IMPERIAL CHEMICAL INDUSTRIES, has been appointed ICI's general manager, personnel (operations) from April 1, 1981. Mr. Hodge joined ICI in 1956. He succeeds M. J. P. M. Bell, who will retire at the end of March next year. Dr. J. F. Watt, exploration and development manager, ICI Petroleum Services, is to become a director of Petrochemicals Division from April 1. Dr. Watt has been with ICI since 1965.

★

Mr. Y. Shinozaki has been appointed joint managing director of the SUMITOMO MARINE AND FIRE INSURANCE COMPANY (EUROPE) in succession to Mr. T. Onoda. Mr. M. Ota has joined the board. Mr. D. N. Vermont continues as the other joint managing director.

★

Mr. Barry James has been appointed a local director of the London North Western District of BARCLAYS BANK.

★

INTERNATIONAL ENERGY BANK has appointed Mr. David M. K. C. Jones as a senior vice-president, and Mr. Robert I. Coleman, a vice-president, both within the bank's corporate finance department.

★

Mr. Terry A. Iggo has joined S. W. FARMER AND SON as sales director, responsible for structural steel sales. Mr. Shaun Clark has relinquished his position as resident manager in Bahrain and has become export sales manager at London office. Mr. Peter Hulme has joined FARMER INTERNATIONAL INC. as managing director and that company will operate from Maidstone, Kent.

★

Mr. Peter F. Landless has been appointed vice-chairman of the LEA MANUFACTURING COMPANY OF ENGLAND and vice-president in charge of European operations for the Lea Manufacturing Company Inc. of the U.S. Mr. Brenden E. Anderson has become managing director and chief executive officer of Lea Manufacturing England.

★

Mr. Peter Frederick Davis has been appointed a director of PETER BROTHERHOOD.

★

Mr. D. F. Craddock has been elected to the board of SELTECH EQUIPMENT, Bourne End.

★

Mr. Patrick McGrath Jnr. has been appointed to the board of WATERFORD GLASS.

★

Mr. J. P. Ford, managing director of International Joint Ventures, has been appointed a vice-president of the HISPANIC AND LUSO-BRAZILIAN COUNCIL (CANNING HOUSE).

★

Mr. Derek Hill has joined GIRDLESTONE, Woodbridge, Suffolk, as company secretary. He previously held the post of finance director and company secretary with Protim Services, a subsidiary of the Foseco Minsep group. His responsibility at Girdlestone will embrace both finance and administration.

★

Mr. Joel Joffe, a founder director of the Swindon-based Hambro Life Assurance group, has been appointed chairman of GREAT WESTERN RADIO. GWR, which is representative of business, professional and community interests from the West Wiltshire area, will apply for the franchise to operate an independent local radio station, and if successful, would expect to start broadcasting by early 1982.

★

Mr. Jonathan M. Reuvid has been appointed director—European operations of ASSOCIATED SPRING, Barnes Group Inc. In his new position, Mr. Reuvid is responsible for the company's manufacturing operations in Europe, including facilities in Redditch, Worcestershire; Monsteras, Sweden; Amsterdam, the Netherlands and Beuren, West Germany. He is based at Associated Spring European headquarters in London.

★

Mr. Neil E. F. Harris has been appointed managing director of DAVENPORTS BREWERY (HOLDINGS), having been a director of the trading company, Davenports Brewery.

★

Mr. Ashley West has been elected a second vice-president and Mr. Richard Briffett has been elected an accounting officer in the controller's division of CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO. Mr. M. Wilson Snyder has been elected a vice-president. Mr. Snyder is manager of operations for both Continental Illinois and its merchant bank, Continental Illinois. Mr. Andrei Vanderos has been elected a vice-president in the commercial banking services department. He is responsible for the bank's ship financing activities in the London-based Greek shipping market and with the French shipping companies. Mr. Andrew Moody has been elected a banking officer in the multinational banking services department. He is responsible for UK subsidiaries of U.S., French and West German multinational companies.

★

Mr. C. E. Derbyshire has been appointed a manager of BARING BROTHERS AND CO.

INTERNATIONAL COMPANIES and FINANCE

Exxon's profit growth slows sharply

BY DAVID LASCELLES IN NEW YORK

EXXON, the world's largest oil company, yesterday reported an 18 per cent gain in earnings in the third quarter—a lot less than the spectacular rise of the last 12 months, but nevertheless in line with expectations. The slowdown was largely the result of weak oil market this summer.

Exxon's net income was $1.4bn or $3.13 a share, up from $1.1bn or $2.60. These figures were slightly distorted by the effects of foreign exchange transactions which depressed last year's figure and increased this year's. The figures for 1979 also included a UK tax benefit. Stripped of this, Exxon's operating earnings rose only 6 per cent.

Revenue in the third quarter was $26.7bn, up from $21.7bn in the same period last year.

Mr. Clifton Garvin, chairman, said that the biggest gains had come in Exxon's exploration and production activities, where operating earnings rose 56 per cent in the U.S. and 40 per cent abroad. But shrinking margins in downstream operations offset a lot of this.

Earnings from refining and marketin gwere down by 2 per cent inthe U.S. and by 34 per cent abroad. Exxon's chemical business also suffered from the sharp downturn in that industry earnings were off 65 per cent in the U.S. and 38 per cent abroad.

Thanks, however, to Exxon's strong performance earlier this year, nine month figures still look impressive. Net income is up 47 per cent to $4.3bn and operating earnings up 42 per cent to $4.9bn.

Mr. Garvin noted that Exxon's capital spending 1980 programme of $8.5bn worldwide appears to be on target with outlays up 31 per cent at the nine-month point to 5.7bn.

Exxon's announcement also took the now familiar oil industry swipe at the windfall profits tax enacted by Congress earlier this year to cream off some of the benefits of oil price decontrol. Exxon said its extra earnings attributable to decontrol were $626m, of which it had paid over $515m, or 82 per cent in tax.

Tosco, the large Californian oil refining and oil shale company, reported a sharp dip in earnings from $23.6m (Cr$1.14), to $9.3m (Cr$0.44). Tosco blamed the drop on changes in federal regulations which forced ilt to pay additional charges for Alaskan North Slope oil, equivalent to 50 cents a share.

Imperial Oil, Canada's largest integrated oil company and controlled by Exxon, earned C$181m (US$154m) or C$1.15 a share in the third quarter against C$112m or 86 cents a year earlier on revenues of C$1.8bn against C$1.6bn.

Nine months earnings were C$481m or C$3.41 a share against C$309m or C$2.37, on revenues of C$5.3bn against C$4.7bn.

Both periods exclude special gains of C$81m against C$22m. The latest special gain was due to a change in recording profits from crude oil production.

The year-earlier gain came from the sale of an interest in Syncrude, the Canadian tar sands producer

Markets for petroleum products and chemicals were strong in the nine months, but earnings from conventional crude oil and conventional gas were lower. Capital and exporation spending for the nine months was C$679m against C$584m.

Chemical side brings setback at Goodrich

By Our New York Staff

B. F. GOODRICH reported halved profits of $8.7m in the third quarter of the year, with a dip in profits from its large chemicals operations outweighing a recovery in earnings from tyres.

Net profits were don from $16.8m last year to $8.7m this year on sales up from $742.9m to $782.4m. Sales of tyres picked up slightly in value as demand increased for replacement passenger tyres, and results were helped by the effects of cost and stock controls.

But the company, which is the world's largest producer of polyvinylchloride compounds has been hit by a decline in sales and plant operating rates. Mr. John Ong, chairman of Goodrich, said yesterday that although demand for the company's major products had improved over mid-summer levels, "operating rates and prices are still too low to produce acceptable returns."

The company, which is the fourth largest U.S. tyre producer, earned net profits of $39m on sales of $2.3bn in the first nine months of the year.

A year ago net protfis were $67.7m on sales of $2.2bn.

Margins cut at General Foods

BY DAVID TONGE IN NEW YORK

THREE LEADING U.S. food groups yesterday posted increased third quarter profits, showing that the food industry has generally weathered the downturn in the U.S. economy. But a fourth, General Foods Corporation, hit by temporarily reduced margins on products such as Maxwell House Coffee, reported a 32 per cent drop in profits.

Nabisco and Hershey, the country's largest biscuit and chocolate manufacturers, reported profits up 32 and 2 per cent respectively. Nabisco, whose products include Ritz Biscuits, has continued to benefit from its aggressive trimming of marginal businesses. Third quarter results in 1979 were dragged down by a $9m capital loss on the sale of a West German sweet firm, Sprengel.

Third quarter sales were up 8 per cent to $639m, and nine-month profits up 33 per cent to $85.6m on sales up 8 per cent to $1.8bn.

Hershey reported profits up from $17.5m to $17.8m on sales up 9 per cent to $344m. It has continued to maintain profit margins at acceptable levels because the surge in sugar prices was offset by the decline in cocoa prices—though the company warns it is "not overly optimistic" about being able to continue to do so.

In the first nine months, profits were up 6.5 per cent to $42.8m and sales rose 19.6 per cent to $344m.

Consolidated Foods reported first quarter profits up 10 per cent to $34.6m on sales up 9 per cent to $1.4bn.

However, General Foods reported a sharp drop in profits, despite an 11.2 increase in sales in the third quarter of the year to $1.5bn. Net profits were $50.9m, compared with $74.9m last year—when the figures included a boost of around $10bn from UK tax credits and a lower effective tax rate.

Mr. James Ferguson, chairman of General Foods, said that rapidly declining coffee prices, together with increased marketing support needed to meet new U.S. competition in decaffeinated coffee, had resulted in temporarily decreasing margins in the company's important coffee sector. However, he said he expected improvement in margins and "continued progress from our domestic packaged convenience foods and international operations."

In the first six months of the company's fiscal year, which began in April, net profits were down 14 per cent to $123m on sales up 15 per cent to $3.3bn.

Lockheed makes headway

BY OUR NEW YORK STAFF

LOCKHEED, the leading U.S. defence contractor, swung back into the black in the third quarter, earning net profits of $16.4m against profits of $1.1m a year earlier. This brought profits for nine months to $1.8m against $22.8m.

But large losses on the costly L-1011 TriStar airliner programme have continued to cast their shadow on the company's results as well as obliging it to increase its credit ceiling with the banks. On Monday night Lockheed announced that it had signed a seven-year bank credit agreement increasing its unsecured credit line by $175m to $850m.

In the third quarter the TriStar programme caused losses of $29.3m, bringing such losses for the first nine months to $157.8m; last year's figures were $69.1m and $137.4m respectively.

The company said that it is still having to write-off development costs as well as the costs of trebling the rate of production of the plane from eight per year in 1978 to 25 this year. It now has firm orders for 49 TriStars.

excluding the TriStar, programme, Lockheed reported that profits from other programmes before other income, interest and income taxes fell 13 per cent in the third quarter to $76.5m. In the first nine months these profits rose 9 per cent to $236.5m.

Overall sales this year have been running 30 per cent up on 1979 levels at $1.3bn in the third quarter and $3.9bn for the nine months.

Lockheed has made all the submarine - launched missiles used by the U.S. and British navies and is now working on the Trident II programme. Yesterday it was announced that it had won a $578m contract for the supply of Trident missiles and associated hardware to the U.S. Navy.

Its backlog of funded orders was $5.6bn at the end of September, compared with $5.2bn a year before.

Air Florida bids for Air California

By Ian Hargreaves in New York

AIR FLORIDA, the small but rapidly growing carrier which recently started trans-Atlantic services, wants to take over Air California, another small, regional carrier.

Air Florida announced a plan to offer $14m for a controlling stake in Air California, which is part of the bankrupt Westgate California Corporation, whose affairs are currently being re-organised under Chapter 10 of the Bankruptcy Laws.

Westgate was part of the financial empire controlled by Mr. C. Arnholt Smith, the San Diego businessman who also controlled the U.S. National Bank which collapsed in 1973.

Bankruptcy proceedings are expected to take another five months, during which time Air Florida hopes to merge with Air California, but not the other interests of Westgate, which include fish processing.

Air California has 13 aircraft and serves Western routes which have no direct connection or overlap with Air Florida's operations.

Steel making swings into the red

BY OUR NEW YORK STAFF

LTV and Republic Steel, two of America's largest steel makers, yesterday both reported heavy losses on steel production in the third quarter, confirming the recent travails of the industry.

But LTV was able to cushion the effect on earnings with profits from energy products and services, shipping, and its aerospace activities which include the Vought Corporation bringing net profits to $4.9m for the quarter against $38.7m a year earlier.

LTV, the nation's third largest steel producer under the name Jones and Laughlin Steel, posted an operating loss on its steel business of $18.3m in the third quarter, against profits of $37.6m a year earlier. Raw steel production and shipments fell to 2.03m tons and 1.54m tons respectively, from 2.84m and 2.12m tons a year before.

Mr. Paul Thayer, chairman of LTV, said that all major steel markets, except oil country tubular products, were down.

Markets for flat rolled products, such as the automotive and appliance industries, were particularly hard hit. Overall sales were $1.9bn against $2bn.

He added that orders improved in August and September but said it was too early to determine whether this reflected stock building or "whether the economy has begun to improve enough to sustain a turnaround in demand."

Republic Steel, the country's fifth largest producer, reported a net loss of $14.5m in the third quarter, compared with profits of $29.9m a year earlier. Sales were down 19 per cent to $833m and shipments were down 26.5 per cent to 1.37m tons.

But Mr. W. J. de Lancey, chairman of Republic, said: "It appears that the third quarter results will constitute a low point."

He expects industry shipments this year to be several million tons higher than the 1975 recession low of 80m tons.

First-half gains for all Sperry divisions

By Paul Betts in New York

SPERRY CORPORATION, the electronics, defence and aerospace group, yesterday reported a 15 per cent rise in net income in its second quarter of fiscal 1981. Earnings were up from $66.9m to $77m, while revenues in the quarter rose from $1.1bn to $1.27bn.

For the first six months of fiscal 1981, Sperry net income totalled $140.2m, up 15.8 per cent over a year earlier, while revenues rose by 15.2 per cent.

According to the company, all of Sperry's operating divisions showed gains in revenues during the quarter. Revenues were up 12 per cent at Sperry Univac, 4 per cent at Sperry New Holland, 1 per cent at Sperry Vickers, 39 per cent at Sperry Division and 48 per cent at Sperry Flight Systems.

Mr. Paul Lyet, Sperry chairman, said "during the quarter, the strong earnings performance of our aerospace and defence businesses more than offset the effects of the recession of our farm equipment and fluid power operations."

He added that the Sperry Univac computer operations performed well during the quarter and were expected to perform even better in the second half of fiscal 1981 as a result of strong market reception for the company's 1100/60 system.

Mr. Lyet said the group continued its record of earnings increases in the face of a weak economy and continued to look forward to another year of record revenue and earnings.

Marsh and McLennan strongly ahead

By Our New York Staff

MARSH AND MCLENNAN, the large U.S. insurance broker which recently took over C. T. Bowring of the UK, yesterday reported a 30 per cent increase in earnings for the third quarter.

Net income was $27.1m, or $1.48 a share, up from $20.4m, or $1.47, last year. Per share comparisons do not tally because M and M issued 4.4m shares in connection with the takeover of Bowring.

Revenue increased from $132.4m to $187.6m, with 30 per cent of this rise being accounted for by Bowring, which officially became part of the group on July 3, just as the quarter was starting.

M and M also said that net income compairsons include the impact of the higher effective tax rate which results from the icnlusion of Bowring's earnings, owing to the UK's higher corporation tax.

M and M's nine-month earnings were $77.7m, or $5.04 a share, up from $65.6m, or $4.71.

U.S. operations hit Northern Telecom income

By Robert Gibbens in Montreal

NORTHERN TELECOM, which is Canada's largest telecommunications equipment manufacturer and is controlled by Bell Canada, reports that continuing problems with its U.S. manufacturing subsidiaries and higher than expected production costs for its DMS digital switching equipment, have caused a downturn in third quarter and nine-month's earnings.

Third quarter profits were C$4.8m (US$3.8m) or 14 cents a share against C$22.1m or 74 cents, on sales of C$475m against C$433m. There were more shares outstanding in the latest period. Nine months earnings were C$29.8m or 88 cents a share against C$78.4m or C$2.64 on sales of C$1.5bn against C$1.39bn.

The decison to discontinue third-party lease sales by its U.S. subsidiary Northern Telecom Systems (NTS) in favour of retaining such leases, hit earnings in third quarter. Restructuring NTS operations and lower volume than expected "continue to be very costly and affected the parent company's results in the nine months."

Diners Club sale hint

By Our New York Staff

CREDIT CARD JOURNAL, trade newspaper of the credit card business, reported yesterday that Citibank of New York is negotiating to buy the Diners Club credit card from Continental Corporation, the large diversified insurance and financial services group. Neither company would comment yesterday.

Diners Club, one of the three big entertainment charge- cards along with American Express and Carte Blanche, is thought to be in difficulty. Citibank already owns Carte Blanche, and the combination could produce a sizeable operation.

INTERNATIONAL CAPITAL MARKETS

Widespread falls in straight dollar bonds

BY FRANCIS GHILÈS

STRAIGHT DOLLAR Eurobonds slipped by ¼-½ of a point yesterday in what most dealers still describe as very thin trading. The falls were a reflection of the weakness displayed in the New York bond market on Tuesday.

The $40m 12-year bond for Trailor Train, which has a coupon of 13¼ per cent, was priced at 99 yesterday by the lead manager Manufacturers Hanover because of poor market conditions.

In the convertible bond sector, however, the $15m 15-year convertible for Ocli International, which carries an indicated coupon of 9-9½ per cent, is being accelerated by the lead manager, Orion Bank, because of good demand. Final terms will be announced later today, six days ahead of schedule.

In the DM foreign bond sector, the weakness of the West German currency against the U.S. dollar and sterling is proving a major disincentive to foreigners who are completely absent from the market. Prices of seasoned issues slipped by about ¾-½ a point yesterday though dealers insisted that selling pressure was not all that heavy.

In the Swiss franc primary bond market, three public issues and two private placements—all priced at par—have been lanched so far this week.

The public issues include a SwFr 100m 10-year bond for the World Bank through Credit Suisse carrying a coupon of 6 per cent; a SwFr 100m 10-year bond for the City of Vienna through Kredietbank (Suisse) with a 5¾ per cent coupon; and a SwFr 50m 10-year issue for the Danish company, Superfos, through Swiss Bank Corporation carrying a coupon of 6¼ per cent.

Both of the private placements have been arranged by Union Bank of Switzerland. Hydrocarbons Bank is issuing SwFr 75m of four-year notes with a coupon of 6¼ per cent while NGK Insulators is offering SwFr 70m of convertible six-year notes carrying a coupon of 5 per cent and a conversion premium of 8.67 per cent.

$500m credit for ENEL

By Our Euromarkets Staff

THE ITALIAN state electricity utility, ENEL, has mandated five international banks to raise $500m for eight years. The banks are Algemene Bank NV, Banca Commerciale Italiana, Sanwa, Westdeutsche Landesbank and National Westminster which will also act as co-ordinator and agent.

The borrower is paying a split margin of ½ per cent for the first six years rising to ⅝ per cent with a 4½-year grace period. The terms are very much in line with those other Italian borrowers have carried recently.

The managers are expected to meet on Monday or Tuesday to decide when to start syndicating the loan in the market.

Bankers Trust is in the process of putting the final touches on another loan for this borrower which initially amounted to $300m but was subsequently increased to $750m. So great was its appeal to banks, not least because the margin the borrower is paying is based on the U.S. prime rather than the Libor rate, that the lead manager will have to allocate subscriptions in order to reduce the participation of each bank.

Canadian eyes market

BY OUR FINANCIAL STAFF

BRITISH COLUMBIA, one of Canada's wealthier provinces, may go to the Eurodollar market next year. Mr. Hugh Curtis, the province's Minister of Finance, called in London on the last leg of an exploratory trip to the main European financial centres which has also taken him to France, Switzerland, and Germany.

Mr. Curtis said in London yesterday that if a borrowing were to be made, it would be in the name of the provincially-owned utility, B.C. Hydro, not that of the province itself.

Moody's and Standard and Poor's have both given B.C. Hydro and the province their triple AAA rating this year. Hydro's debts, as those of other Crown corporations in British Columbia, are guaranteed by the provincial Government.

With gross provincial product of C$31.5bn (about US$27bn) last year and budget revenue of C$5.5bn, British Columbia had outstanding debts of no more than C$209m on September 18 the policy of the Social Credit Government in power has been to finance itself from tax revenue and accumulated surplusses.

B. C. Hydro, with net income from operations last year of C$40m (after deducting a loss of C$56m on a transport operation now closed) had long-term debt of C$5.2bn and short-term debt of about C$500m on March 31.

Sasetru to liquidate

THE CREDITORS of Sasetru, at one time the second biggest Argentine grain exporter, which also produces various foodstuffs, have met in Buenos Aires and tentatively decided to liquidate Sasetru "gradually," reports Robert Lindley from Buenos Aires. Sasetru owes about $1bn plus another $100m in commercial debts. A definitive decision by the Sasetru creditors will be made at their next meeting on November 3.

AMERICAN QUARTERLIES

AMERICAN CYANAMID

	1980 $	1979 $
Third quarter		
Revenue	869.2m	782.0m
Net profits	40.2m	39.1m
Net per share	0.84	0.82
Nine months		
Revenue	2.54bn	2.33bn
Net profits	110.8m	123.0m
Net per share	2.31	2.57

AMF

	1980 $	1979 $
Third quarter		
Revenue	355.0m	354.0m
Net profits	12.75m	14.48m
Net per share	0.62	0.71
Nine months		
Revenue	1.14bn	1.08bn
Net profits	43.95m	43.52m
Net per share	2.15	2.14

AMP

	1980 $	1979 $
Third quarter		
Revenue	284.6m	258.1m
Net profits	31.3m	31.1m
Net per share	0.87	0.86
Nine months		
Revenue	864.9m	741.3m
Net profits	98.9m	90.0m
Net per share	2.75	2.49

BORG-WARNER

	1980 $	1979 $
Third quarter		
Revenue	619.7m	660.5m
Net profits	20.9m	35.5m
Net per share	0.95	1.65
Nine months		
Revenue	1.97bn	2.0bn
Net profits	88.3m	113.6m
Net per share	4.10	5.30

BRISTOL-MYERS

	1980 $	1979 $
Third quarter		
Revenue	826.2m	731.2m
Net profits	76.6m	67.0m
Net per share	1.16	1.02
Nine months		
Revenue	2.35bn	2.04bn
Net profits	189.2m	169.9m
Net per share	3.01	2.57

COX BROADCASTING

	1980 $	1979 $
Third quarter		
Revenue	76.6m	61.1m
Net profits	10.38m	9.57m
Net per share	0.77	0.71

FEDERAL-MOGUL

	1980 $	1979 $
Third quarter		
Revenue	176.7m	159.2m
Net profits	8.29m	10.43m
Net per share	0.65	0.81
Nine months		
Revenue	527.6m	495.2m
Net profits	28.19m	33.95m
Net per share	2.21	2.66

HOLIDAY INNS

	1980 $	1979 $
Third quarter		
Revenue	415.4m	284.8m
Net profits	38.4m	21.2m
Net per share	1.00	0.66
Nine months		
Revenue	1.12bn	829.7m
Net profits	96.6m	59.9m
Net per share	2.58	1.81

INA CORPORATION

	1980 $	1979 $
Third quarter		
Revenue	1.35bn	1.24bn
Net profits	68.5m	61.8m
Net per share	1.75	1.60
Nine months		
Revenue	3.67bn	3.34bn
Net profits	206.9m	190.6m
Net per share	5.32	4.89

IU INTERNATIONAL

	1980 $	1979 $
Third quarter		
Revenue	553.5m	551.1m
Net profits	15.1m	14.4m
Net per share	0.69	0.40
Nine months		
Revenue	1.67bn	1.57bn
Net profits	54.6m	35.8m
Net per share	1.82	0.99

LEAR SIEGLER

	1980 $	1979 $
First quarter		
Revenue	347.2m	321.1m
Net profits	14.04m	12.51m
Net per share	0.88	0.73

MAPCO

	1980 $	1979 $
Third quarter		
Revenue	177.7m	210.5m
Net profits	16.99m	16.54m
Net per share	0.90	0.88
Nine months		
Revenue	615.2m	552.4m
Net profits	60.04m	47.86m
Net per share	3.19	2.54

NATIONAL GYPSUM

	1980 $	1979 $
Third quarter		
Revenue	214.78m	217.26m
Net profits	12.62m	18.79m
Net per share	0.76	1.14

REVLON

	1980 $	1979 $
Third quarter		
Revenue	612.4m	448.3m
Net profits	47.4m	38.1m
Net per share	1.13	1.01
Nine months		
Revenue	1.58bn	1.24bn
Net profits	137.6m	110.0m
Net per share	3.53	3.11

ROYAL TRUSTCO

	1980 $	1979 $
Third quarter		
Net profits	14.2m	11.6m
Net per share	0.76	0.68
Nine months		
Revenue	831.4m	643.7m
Net profits	26.9m	24.4m
Net per share	1.40	1.49

RYDER SYSTEM

	1980 $	1979 $
Third quarter		
Revenue	424.7m	381.6m
Net profits	16.98m	17.33m
Net per share	0.99	1.03
Nine months		
Revenue	1.24bn	1.06bn
Net profits	38.91m	47.11m
Net per share	2.30	2.79

SCOTT PAPER

	1980 $	1979 $
Third quarter		
Revenue	485.5m	475.4m
Net profits	3.9m	33.8m
Net per share	0.01	0.87
Nine months		
Revenue	1.6bn	1.4bn
Net profits	98.5m	106.8m
Net per share	2.53	2.74

SMITH INTERNATIONAL

	1980 $	1979 $
Third quarter		
Revenue	204.7m	137.9m
Net profits	21.54m	13.98m
Net per share	1.03	0.67
Nine months		
Revenue	539.8m	397.8m
Net profits	55.92m	40.83m
Net per share	2.68	1.97

STAUFFER CHEMICAL

	1980 $	1979 $
Third quarter		
Revenue	329.8m	312.5m
Net profits	4.48m	12.9m
Net per share	0.10	0.30
Nine months		
Revenue	1.26bn	1.15bn
Net profits	94.1m	100.0m
Net per share	2.14	2.49

SUN CHEMICAL

	1980 $	1979 $
Third quarter		
Revenue	121.3m	117.6m
Net profits	7.31m	8.03m
Net per share	1.57	1.76
Nine months		
Revenue	378.0m	352.2m
Net profits	23.46m	21.51m
Net per share	5.07	4.77

UNION OIL OF CALIFORNIA

	1980 $	1979 $
Third quarter		
Revenue	2.63bn	2.14bn
Net profits	122.0m	106.0m
Net per share	0.71	0.61
Nine months		
Revenue	7.76bn	5.77bn
Net profits	469.8m	348.3m
Net per share	2.71	2.00

U.S. GYPSUM

	1980 $	1979 $
Third quarter		
Revenue	368.1m	395.4m
Net profits	21.4m	32.4m
Net per share	1.30	2.02
Nine months		
Revenue	1.09bn	1.13bn
Net profits	69.1m	99.7m
Net per share	4.23	6.13

WELLS FARGO

	1980 $	1979 $
Third quarter		
Net profits	30.4m	34.4m
Net per share	1.33	1.52

YELLOW FREIGHT SYSTEMS

	1980 $	1979 $
Third quarter		
Revenue	189.9m	226.6m
Net profits	5.79m	8.62m
Net per share	0.41	0.46
Nine months		
Net profits	14.88m	16.16m
Net per share	1.05	1.13

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on October 22

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Brit. Oxygen F. 10¾ 90	50	85¾	86⅞	+0¾	+0⅜	13.46
CECA 11½ 88	100	94⅝	95⅛	+0⅛	−0⅛	12.55
Citicorp O/S Fin. 10 86	300	88⅞	89⅜	−0½	−1⅛	12.81
Con. Illinois O/S 9¾ 86	150	87⅝	88⅛	−0⅛	−1⅛	12.85
Denmark 11¾ 90	100	93⅜	93⅞	−0⅛	−0⅝	12.94
Dome Petroleum 13½ 92	50	100⅛	100⅝	0	−0⅞	13.40
EEC 11 95 (May)	75	88⅜	88⅞	−0⅜	−0⅝	12.73
EEC 11 95 (Aug.)	70	87⅞	88⅜	0	+0⅛	12.81
EIB 13¾ 90	100	102½	103	−0⅛	−0⅞	13.19
Eksportfinans 9½ 87	75	86½	87	−0¼	−0⅞	12.50
Elec. de France 10 88	125	88⅜	88⅞	−0¼	−0⅜	12.29
Export Dv. Cpn. 12¾ 87	100	100⅛	100⅝	−0⅝	−1⅛	12.62
Export Dv. Cpn. 9½ 86	150	88⅛	88⅝	−0⅛	−0⅞	12.61
Federal Dev. Bk. 12¾ 85	75	98⅞	99⅜	0	0	12.46
Fin. Exp. Credit 10½ 85	50	91⅛	91⅝	−0⅛	0	12.99
Finland Rep. of 9½ 86	100	86	86½	0	−0¼	13.18
Ford O/S Fin. 12⅝ 85	250	98⅜	98⅞	0	−0½	12.99
George Weston 13½ 87	30	99½	100	−0⅜	−0⅝	13.51
GMAC O/S Fin. 13⅜ 85	100	101⅝	102⅛	−0⅜	−0½	12.70
GMAC O/S Fin. 12 87	100	95⅜	95⅞	−0¼	−1	12.99
Goodyear O/S 12½ 87	75	97⅞	98⅜	−0⅛	−0⅞	12.90
Hudson's Bay 11½ 90	75	92⅛	92⅝	−0⅛	−0⅞	12.87
IBM Canada 10½ 85	50	94⅞	95⅛	−0¼	−0⅝	11.88
ICI Fin. Ned. 11 83	100	96¾	97¼	−0¼	−0⅝	12.40
Int. Harvester 12¾ 85	115	97⅞	98⅜	−0⅜	−0⅞	13.28
McGraw 13½ 85	75	100	100½	−0½	−1⅛	13.36
NorWest Ind. 13⅜ 87	50	99⅜	99⅞	−0⅛	−0⅜	13.72
Nova Scotia 10⅜ 90	50	87⅞	88⅜	−0½	−0½	12.94
OKB 10 85	50	91⅜	91⅞	−0⅜	−1	12.41
Pemex 11½ 88	100	91	91½	−0⅝	−1⅛	13.36
Quebec Hydro 11½ 92	100	90	90½	+0⅛	0	13.15
Rapsteel O/S 11½ 88	100	88⅛	88⅝	−0⅛	−0¼	14.00
Roylease 11⅝ 85	50	95⅜	95⅞	−0¼	−0⅞	12.43
SNCF 12⅜ 85	50	100⅛	100⅝	−0⅜	−0⅞	12.21
Sweden 12⅜ 85	150	98½	99	−0⅛	−0⅜	12.71
Swed. Ex. Cred. 12½ 85	40	98¼	98¾	−0⅛	+0⅜	12.75
Swed. Ex. Cred. 12 83	50	98	98½	0	+0½	12.73
Transamerica 12⅞ 83	50	97¼	97¾	−0¼	−0⅛	13.44
UB Finance BV 11 90	50	86⅞	87⅜	0	+1⅛	13.42
Unilever NV 9¾ 90	100	84½	85	−0⅛	−0⅝	12.53
World Bank 9¾ 85	200	91⅛	91⅝	−0⅛	−0⅜	12.26
World Bank 10¼ 87	300	90⅛	90⅝	−0⅜	−0½	12.40
Average price changes... On day −0¼ on week −0⅝						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8¼ 90	250	97⅜	98¼	−0½	−2	8.43
Austria Rep. of 8¾ 92	150	95⅞	96⅝	−0⅝	−1⅛	8.77
BFCE 7¾ 87	100	94¼	95	−0½	−0⅞	8.90
BFCE 8¼ 95	100	95¼	96	−0½	−1	8.66
CECA 7¾ 92	150	93¾	94½	−0½	−1⅛	8.68
CII-Honeywell 8½ 90	125	97¼	97⅞	−0¼	−0⅞	8.74
Denmark 7⅞ 86	100	†95½	96¼	−0½	−1⅛	8.87
Denmark 8¼ 92	100	†97¾	98½	−0½	−1½	8.51
EEC 7⅞ 94	225	93⅛	93⅞	−0⅜	−1⅞	8.68
Finland Rep. of 8 86	150	95¼	96½	−1⅛	−1⅛	8.83
Iberduero SA 9 90	100	†99	99⅝	−0½	−0⅝	9.09
Japan Dev. Bk. 7⅝ 87	100	94⅛	94⅞	−0½	−1⅞	8.72
Kobe, City of 8 90	100	97	97½	−0⅛	−1⅛	8.42
Mt. Bk. Danmark 8½ 90	150	†96½	97¼	−0⅜	−1⅛	8.98
Norway 7½ 85	250	96⅝	97⅜	−0⅛	−2⅛	8.39
Nuclebras 9¾ 88	100	†96¾	97½	−0⅜	−1¼	10.29
OKB 8¼ 92	150	96⅝	97⅜	−0½	−1¼	8.69
Oslo, City of 8¾ 90	80	99½	100	−0⅝	−1½	8.78
Sweden 9¾ 87	200	†103	103½	+0¼	−1⅛	9.04
World Bank 8 90	700	95¾	96½	0	−1⅛	8.59
World Bank 7⅞ 90	250	93½	94	−0⅛	−2	8.89
World Bank 10 86	150	104⅞	105⅜	−0¼	−3½	8.77
World Bank 10 90	200	107⅜	108⅛	−0⅜	−2	8.71
Average price changes... On day −0⅜ on week −1⅜						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria Rep. of 5¾ 90	100	98⅛	98½	−0⅛	−0½	5.46
Bayer Int. Fin. 5¾ 92	100	99⅛	99⅝	−0⅛	−0½	5.28
Bergen, City of 6 90	50	†102	102½	+0⅛	−0¼	5.68
BMW Overseas 4¾ 91	100	89¼	89½	−0½	−0½	5.57
Buhrm'n-Tetterode 7 90	40	105¾	106	+0½	+0½	6.16
Copenhagen Tele. 5¾ 90	60	95½	95¾	0	−0½	6.36
Denmark 5½ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 4¾ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Elet. de France 5¾ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eurofima 5¼ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F. G. H. Hypo Bk. 6 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland Rep. of 5¾ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GZB 4¾ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Int.-Amer. Dev. Bk. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan Dev. Bk. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jutland Tele. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mt. Blanc Tunnel [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Newag [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norges [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 6 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oslo, City of [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oslo, City of [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Philips [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sekisui [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shikoku [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trade Dev. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Voest-Alpine [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Average price changes... On day [illegible] on week [illegible]						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 7¾ [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 5.8 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland, Rep. of [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Average price changes... On day [illegible] on week [illegible]						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada [illegible] C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CIBC [illegible] C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CIBC [illegible] C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Federal Dev. [illegible] C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fst. Can. Inv. [illegible] C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
R. Bk. Canada [illegible] C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tordom Cpn. 13½ 85 C$	30	100	100¾	+0½	−0¼	13.32
M. Bk. Dnmk. 9 91 EUA	25	93¾	95	0	0	9.85
SOFTE 8¾ 89 EUA	40	89	89¾	−0⅛	0	10.16
U. Bk. Nrwy 9½ 90 EUA	18	99½	100¼	0	−0⅜	9.55
Algemene Bk. 10¼ 87 Fl	400	100	100½	−0½	−0⅜	10.18
Bk. Mees & H. 10 85 Fl	75	101½	101⅞	−0⅛	−0⅜	9.61
F. G. Hypo 9¾ 87 Fl	60	96⅝	97⅛	−0⅛	0	10.40
Heineken NV 10 87 Fl	75	98½	99	−0½	−1	10.25
Nat. Inv. Bk. 10 87 Fl	75	98⅞	99⅜	−0⅛	−0½	10.17
Nat. Neder 9½ 87 FL	60	96⅜	96⅞	0	−0⅜	10.20
Neder Mdn Bk 10 85 Fl	75	102⅜	102⅞	−0⅛	−0⅜	9.30
Aero Paris 13¼ 87 FFr	150	96¾	97¼	−1⅛	−1⅛	13.74
CECA 14¼ 86 FFr	150	102½	103¼	0	0	13.48
Finland 11 84 FFr	80	91½	92½	+0¼	0	13.74
Finland 11½ 89 FFr	70	88⅝	89⅝	0	−0⅝	13.67
Gaz de France 11 84 FFr	150	92⅞	93⅞	0	+0¼	13.22
IBM France 11⅞ 84 FFr	120	93½	94½	0	−0½	13.82
Renault 9¾ 85 FFr	100	84⅞	85⅞	0	−0½	14.18
Solvay et Cie 9¾ 87 FFr	125	81⅞	82⅞	−0¼	−0¼	14.02
Utd. Mex Sts 14 85 FFr	150	98⅜	99⅜	−0⅛	−0½	14.20
Beneficial Fin. 14¼ 90 £	20	99⅜	99⅞	+0⅛	−0½	14.28
BNP 13½ 91 £	15	98	98½	−0⅛	−0⅜	13.80
CECA 13½ 88 £	20	98	98½	−0⅛	−0⅛	13.87
Citicorp O/S 13½ 90 £	50	97⅞	98⅜	−0⅛	−0⅛	13.79
Fin. for Ind. 14½ 88 £	20	100⅞	101⅜	0	−1⅛	14.17
Fin. for Ind. 13¾ 87 £	20	99⅛	99⅝	−0⅛	+0⅛	13.88
Gen. Elec. Co. 12½ 89 £	50	95½	96¼	−0⅜	−0⅜	13.31
Peugeot SA 14 90 £	23	98½	99¼	−0⅜	−0⅜	14.19
Rothschild 14¼ 90 £	12	99⅜	99⅞	−0⅜	−0½	14.32
Swed. Ex. Cr. 15⅛ 85 £	20	104¾	105	0	−0¼	13.72
Banobras 8¾ 90 KD	7	†90⅛	91⅛	0	0	9.75
CCCE 8¾ 91 KD	10	†86⅜	86⅞	0	−0¼	10.26
Sonatrach 8½ 90 KD	12	†91⅛	91⅞	0	0	9.89
Akzo 9½ 87 LuxFr	500	92⅞	93⅜	0	−0⅛	10.75
Euratom 9¾ 88 LuxFr	500	96½	97½	0	−0⅛	10.34
Eurofima 10½ 87 LuxFr	500	97⅞	98⅞	0	0	10.84
EIB 9¾ 88 LuxFr	600	97⅛	98⅛	0	−0⅛	10.21
Volvo 9¾ 87 LuxFr	500	94	95	0	−0⅛	10.89

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¼ 87	0¼	97⅞	98⅛	2/1	10.44	10.65
Bank of Ireland 5⅛ 89	‡0¼	98⅛	98⅜	21/11	11⅜	11.56
Bank of Tokyo 5¼ 89	‡0⅛	97⅜	98⅛	25/10	9¼	9.45
Barclays O/S Inv. 5 90	0¼	97½	98	13/12	9⅝	9.85
Bergen Bk. A/S 6 89	‡0¼	97⅝	98⅛	29/11	12¼	12.52
Bilbao Int. N/V 5¾ 90	0¼	97⅝	97⅞	29/11	10.06	10.31
Citicorp O/S F. 83	§‡0	99⅜	99⅞	23/11	11.44	11.48
Citicorp O/S F. 84	‡0	99⅞	99⅝	20/10	13⅛	13.21
C. Itoh 5¼ 87	0¼	98⅜	99¼	18/3	12⅞	13.01
Co-operative Bk. 6 86	0¼	98	98½	15/11	11.44	11.64
Creditanstalt 5½ 91	§‡0¼	97⅞	98⅛	14/12	12.06	12.29
CNT 5¼ 86	§0¼	99⅜	99⅞	18/4	13⅛	13.32
GZB 5½ 89	‡0¼	98⅞	98⅜	1/11	9.81	9.98
Jugobanka 8 89	0⅞	91¾	93¼	23/11	11⅜	12.60
Ind. Bank Japan 5¼ 87	0¼	98⅞	99⅜	15/4	13.31	13.43
Ind. Bank Japan 5¼ 88	0¼	98⅜	98⅞	9/4	13⅛	13.31
Lloyds Eurofin 8 90£	0¼	96⅜	96⅞	3/1	15⅜	16.30
LTCB Japan 5¼ 88	0¼	98½	99	13/12	9⅝	9.75
Mfrs. Han. O/S 5¼ 94	‡0⅛	97⅝	98⅛	30/11	12⅛	12.37
Midland Intl. Fin. 5 89	0¼	97⅝	98⅛	20/12	9½	9.69
Midland Intl. Fin. 5¼ 92	0¼	97⅝	98⅛	5/12	10⅞	11.11
Nacional Fin. 6¼ 86	0¼	97½	97¾	25/1	9.69	9.92
Nat West 5¼ 94	§0¼	98⅛	98⅝	11/4	13¼	13.47
Nippon Credit 6½ 86	0⅛	97⅜	97⅞	12/1	9.56	9.82
Nippon Credit 5¼ 87	‡0⅛	98⅛	98⅜	6/11	10⅞	11.04
Royal Bk Scot 5¼ 94	§‡0⅛	99⅛	99⅜	11/1	13¼	13.40
Soc. C. de Bque. 6½ 87	0¼	98⅛	98⅝	3/4	14	14.23
Standard Chart. 5¼ 90	0¼	98	98½	6/3	12.06	12.28
Svenska Hndlsbk. 5 87	0¼	97⅞	98⅛	15/1	10	10.19
Williams & Glyn 5¼ 91	0⅛	98¼	98⅜	14/3	12.44	12.63
Bq. Ext. d'Alg. 4¾ 89 SF	0⅜	89	90	18/12	6⅞	6.84
Average price changes... On day 0 on week 0						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 7¾ 95	2/80	515.5	123¾	124½	−1⅛	−3.23
Apache I. Fin. 8¼ 95	12/80	21.12	156	157	−1	−4.17
Blocker Energy 8¾ 95	1/81	21.87	115	116	0	−4.66
Credit Suisse 4¾ 93	10/79	1278	120½	121½	−0⅜	−2.59
DDKK 11 90	4/80	324	106½	107½	−0⅛	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Court starts process of winding up Manufrance

BY TERRY DODSWORTH IN PARIS

THE LONG drawn-out attempt to rescue Manufrance, the French mail order and manufacturing company, hit a new and possibly fatal reef yesterday, when a Saint-Etienne commercial court put its operating unit into liquidation.

The decision comes only three weeks after most of the parties involved in the effort to refloat the group were convinced that an offer of fresh funds was on the way from a group of Swiss banks.

This lifeline, proferred by M. Claude Dumas, a virtually unknown Bordeaux businessman who has since run into heavy suspicion in the French Press, gave way yesterday when the court announced that the promised FFr 300m ($71.4m) had not been seen.

With M. Dumas failing to turn up at the Tribunal and explaining the position, the court has effectively gone ahead with the first step in what could be a complete winding-up of the company. Its liquidation order refers only to the Societe Nouvelle Manufrance (SNM), a company which was created by the court to run the manufacturing operation under a leasing arrangement

The legal position of the 1,800 work force under this leasing contract is not clear, although it was suggested yesterday that they would be quickly made redundant. But it is clear that the unions, particularly the Communist-led CGT, which has made the Manufrance situation into a rallying point for the protest movement against the Government's industrial policy, will continue to fight to maintain the organisation in being.

Attention will now switch to the original Manufrance, which is still in being as a set of assets being held under a French receivership arrangement. This organisation has debts of FFr 450m ($107m) and was being maintained while there was hope that SNM would become viable and raise the money to take on the liabilities.

With this strategy now lying in ruins, the process has been set in motion for the liquidation of the original group. But there is still a prospect of another rescue operation being mounted under the direction of M. Bernard Tapie, a young Paris entrepreneur. M. Tapie is something of a specialist in taking on failed companies who sprang to fame when he persuaded the former Emperor Bokassa of Central Africa to sell his French property to him for charitable funds.

The question is whether M. Tapie, who has only a slim industrial background, will have the authority to convince the strong political elements involved in Manufrance, notably the Communist-led City Council at Saint-Etienne, that he has the weight to run the company.

His rescue plan involves a fairly radical re-organisation of the group, along with some asset sales, whereas the mayor of Saint-Etienne, M. Joseph Sanguedolce, has made it clear that he wants to keep the organisation intact.

New chairman for Ogem

BY CHARLES BATCHELOR IN AMSTERDAM

OGEM, the troubled Dutch trading and construction group which has seen a series of rapid boardroom changes over the past year, is to appoint a new permanent chairman. Dr. Henk Mathot, 61, at present president of the Cebave agricultural co-operative will take over the chairmanship "very shortly."

Since Ogem's difficulties forced the retirement of the previous chairman, Mr. Berend Udink, in February, the company has had an acting chief executive, Mr. Frans Van Berkel. He will now become vice-chairman of the five-man managing board.

Ogem reported a net loss of Fl66m ($33m) on sales of Fl 1.7bn in the first half of the year and recently announced plans for a far-reaching re-organisation. Its troubles arise from the unsatisfactory performance of a number of operating units and the failure of a planned expansion in the building sector.

● Public issues on the Amsterdam bond market raised Fl 8.13bn in the first nine months of 1980, 36 per cent more than the Fl 5.98bn raised in the same 1979 period.

The Dutch state raised Fl 5.22bn, up from Fl 3.31bn. Other public sector borrowers accounted for Fl 251m, against Fl 175m.

Matra and VDO shelve watch project

By David White in Paris

A FRANCO-GERMAN project aimed at providing a fresh European challenge in the world watch industry has been shelved for three years, according to M. Jean-Luc Lagardere, chairman of the French partner, Matra.

The French missiles and electronics group agreed in January to pool its watch interests with those of the West German VDO group. VDO and Matra between them control Jaeger, the leading French company in the field. A number of other French watch companies have been regrouped under Jaeger in a government-supported attempt to streamline and modernise the sector.

M. Lagardere said the decision to postpone the link-up with VDO's other interests came as a result of poor market conditions and intense competition from Asian producers. He denied, however, that there was any fundamental disagreement between Matra and VDO and said that the two groups would maintain their technical links.

The joint group would have had annual sales of about FFr 800m ($190m). The Jaeger group's sales have been stagnating at about FFr 530m a year, and one of the units, JAZ, has been suffering heavy losses.

Matra has also been facing problems in its car body business, where sales fell back by 20 per cent last year. But business is expected to pick up over the next few years following the launching of a new car powered by a Talbot engine.

Matra's overall turnover is expected to climb to FFr 6bn this year from last year's FFr 4bn, and to reach FFr 9.3bn in 1983. Profit growth this year is expected to be modest, however, with parent company results of about FFr 200m compared with FFr 180m last year.

Its military division is expected to expand its sales to FFr 2.2bn from FFr 1.8bn and the order book is put at FFr 9.5bn. Over the next three years the company is expecting annual growth of 25 per cent in this sector.

Matra's investment programme between 1980 and 1982 is set at FFr 2.3bn. M. Lagardere said it would need to raise FFr 1bn to help finance the programme.

Italian TV maker put in liquidation

FLORENCE—Emerson Electronic, the leading Italian maker of television sets in which Japan's Sanyo holds a minority interest, has been placed in liquidation as a result of rising losses and 35,000 unsold television sets in its stocks.

Sig. Guido Borghi, the Italian industrialist chairman of Emerson and the largest shareholder, said that the decision to liquidate the company was made after the Japanese partner refused to underwrite a planned increase of the registered capital for covering losses. Sanyo purchased a 34 per cent interest in Emerson Electronics in 1977.

The company, which employs 700 workers, recently reported that its losses in the current fiscal year already exceeded the total capital value of L4.57bn ($5.2m).

Emerson was also in the red in 1979, when its indebtedness climbed to L6.65bn from L4.97bn in 1978.

AP-DJ

Strong gain by South African cement group

By Jim Jones in Johannesburg

ONE OF South Africa's three largest cement producers, Pretoria Portland Cement (PPC), has gained strongly from higher activity in the country's construction and building industries. It has also been helped by an increase in cement prices granted in April. On a current cost accounting basis, pre-tax profit rose to R42.3m ($56.48m) in the year to September 30, against R30.7m in the preceding year. Turnover was 28.1 per cent higher at R176.7m ($235.91m).

Although cement exports of 128,000 tonnes were lower than 1979's 176,000 tonnes, domestic sales rose from 2.7m tonnes to 3.1m tonnes. As the company was able to utilise production capacity more fully, cement manufacturing increased its taxed profit contribution to R13m from R6m in 1979, on a 27 per cent turnover increase from R87m to R110m.

The lime division raised turnover by 29 per cent to R49m and taxed profit, calculated on a current cost basis, by the same percentage to R9m.

A total dividend of 47 cents has been declared from earnings per share of 134.7 cents. In 1979, earnings were 90.2 cents and dividends 35 cents. PPC is 53.8 per cent owned by Barlow Rand and its subsidiaries.

BORROWER PROFILE — COSTA RICA

Spreading the risk far and wide

BY PETER MONTAGNON

WITH NET public sector foreign borrowing of only about $400m thisy ear, Costa Rica is hardly one of the most active customers of the Euromarket banks. But it is an unusual case for a small developing counrty insofar as it has not been afraid to borrow in the bond markets as well as the Eurocredit market.

Despite substantial economic difficulties at home, it has this year tapped the German, Swiss and dollar sectors of the bond market, although the issues in the latter two currencies were both floating rate notes. Next year Costa Rica plans to broaden the experiment to the Samurai bond market.

Its experience shows that it is possible for a small developing country to diversify its external funding away from straight bank loans, but with the caveat that in present market conditions such a possibility is still strictly limited.

Where floating rate notes are concerned, the issues are in some ways little more than disguised Eurocredits. The notes only have a real interest for banks, but because they are available in smaller denominations than Eurocredit participations they can find their way into smaller banks that would not necessarily become involved in Eurocredit syndication.

At the same time, by floating such an issue Costa Rica is slowly establishing a presence in the bond market. Over time this might open up the possibility of issuing a fixed rate Eurobond that would be bought by institutions, especially as the yield would be much higher than those available from established top grade borrowers.

This would be a great step forward in the recycling process as it would be a form of borrowing that does not end up by bloating bank balance sheets.

Costa Rica has already floated a straight bond in the DM sector. The issue was moderately successful but this depended both on lucky timing and careful structuring by the lead manager, DG Bank.

It was floated with a coupon of 10 per cent just after the recent German elections. At that time the market was enjoying an upswing and the high yield was very attractive to domestic German investors who are thought to have bought almost half the issue.

This was a very important factor as institutional buyers of German bonds are still generally somewhat reluctant to commit funds to such an exotic name. It is estimated that they took only around one-quarter of the DM 50m total, leaving about another quarter in the hands of the underwriting banks.

In Germany, therefore, such an issue still has to be small enough and of short enough a maturity to allow the bonds to be fully underwritten by a group of banks actually willing to take some of the paper into their own portfolios. It also has to yield enough over other bonds to attract domestic retail investors.

Considering some of the economic difficulties faced by Costa Rica, the bond experiment can still, however, be said to have paid off in a remarkable way.

Despite a fairly low debt service ratio by Latin American standards of around 25 per cent, Costa Rica has a very low level of international reserves, estimated by the IMF as of June at a total of only SDR 82m, while imports are running at about $1.5bn a year. It is also running a current account deficit this year of $625m compared with $578m in 1979.

Moreover, Costa Rica has not drawn on an SDR 71.5m credit arranged with the IMF in March because it was unable to meet fund conditions with regard to a reduction in its budget deficit.

Add to this the fact that many investors tend to lump all of Central America into one basket thinking of Costa Rica in the same terms as Nicaragua with which it borders, and it is surprising that any interest was shown in the bonds at all.

Costa Rica's success in overcoming this problem is in part due to a concerted public relations effort—a very important tactic for any new borrower on the bond markets. This effort stresses the distinction between politically troubled Nicaragua and the long history of political stability in Costa Rica.

At the same time Costa Rican officials are at pains to point out that the country is having some success in tackling its economic problems. Its current account deficit next year should be reduced to $465m with the help of a devaluation in September which raised the price of the dollar to Costa Rican importers to Colons 10.60 from Colons 8.60 previously.

The budget deficit is being steadily reduced as a proportion of GDP so that this year it will stand at 9.6 per cent of GDP compared with 12.7 per cent last year. The proportion will decline further to 6.4 per cent in 1981.

This improvement will form the basis of new negotiations with the IMF which is to send a mission to San Jose next month. The fund has already indicated to Costa Rica that it will be able to draw 600 per cent of its SDR 41m quota during the years 1980-83.

The worst of its economic problems do seem to be over, but one further factor helping the country's credit rating is that it is not as heavily dependant on imported oil as some other developing countries.

TOTAL PUBLIC SECTOR FOREIGN DEBT

	1976	1977	1978	1979	1980*
$m	651	831	1,043	1,396	1,796

ESTIMATED SERVICE REQUIREMENTS

	1979	1980	1981	1982	1983
Interest $m	93†	150	95	86	77
Principal $m	121†	112	123	114	110

* Estimated † Actual

Source: Costa Rica Finance Ministry

Pakistan airline sells its 20% stake in Air Malta

BY GODFREY GRIMA IN VALETTA

PAKISTAN International Airlines (PIA) has transferred its 20 per cent shareholding in Air Malta to the Maltese Government, ending a partnership which started in 1973 with the formation of Air Malta with a capital of M£750,000 ($2.2m).

The share transfer makes the Maltese Government the absolute owner of Air Malta except for a 3.6 per cent interest held by a Maltese travel corporation, Cassar and Cooper. PIA's withdraal from Air Malta follows the original agreement which gave the Maltese Government the option of buying out PIA after the first five years.

PIA has played a significant role in the development of Air Malta, which is one of the few airlines in the developing world to consistently achieve substantial profits. For 1978-79 Air Malta netted a final profit of M£591,500

The Maltese airline is considering purchasing its own aircraft from either Boeing or McDonnell Douglas.

Due to increasing traffic and a need to utilise more economic aircraft, Air Malta recently signed a lease agreement with Transavia of Holland covering three 737s, the first of which is scheduled to be delivered in November.

● Sea Malta expects to strengthen current profit levels as a result of a cargo-sharing accord with various European lines which shortly come into force. With the creation of three new liner conferences between Sea Malta and European shipping companies operating on the Malta route, Sea Malta will be able to carry 50 per cent of the cargo entering or leaving the island.

VONTOBEL EUROBOND INDICES

14.5.76=100%

PRICE INDEX	21.10.80	14.10.80	AVERAGE YIELD	21.10.80	14.10.80
DM Bonds	94.41	95.08	DM Bonds	8.815	8.672
HFL Bonds & Notes	94.07	93.89	HFL Bonds & Notes	10.021	10.045
U.S. $ Strt. Bonds	88.36	88.31	U.S. $ Strt. Bonds	11.844	11.808
Can. Dollar Bonds	89.57	89.08	Can. Dollar Bonds	12.302	12.434

New Zealand's major industrial groups to merge

BY DAI HAYWARD IN WELLINGTON

THREE OF New Zealand's largest industrial giants are to merge. Challenge Corporation, Fletcher Holdings, and Tasman Pulp and Paper surprised the New Zealand commercial world yesterday with the announcement. The total funds employed will have a book value of about NZ$1.7bn.

Challenge made net profits of NZ$22.5m (US$22m) in the year to June, on turnover of NZ $1.21bn. Total assets at the year end stood at $761.8m. In the year to March, Fletcher made net profits of NZ $33m on turnover of NZ $620m and in the same year at profits of Tasman exceeded NZ $28m on turnover of NZ $208m.

The new company will be known as Fletcher Challenge with Mr. Ron Trotter, head of Challenge as the new chairman and chief executive. Mr. Hugh Fletcher, aged 34, will be managing director and Sir James Fletcher will be president of the new group. A major factor behind the merger was the companies belief that they needed to achieve co-ordinated strength in the forestry and wood products area to take advantage of future growth opportunities. All three companies have large interests in forestry, paper, and pulp manufacture

Fletcher and Challenge already own 85 per cent of Tasman. All three were known to have aspirations to extend their involvement in forestry, and the marger will provide backing for expansion. The first action of the new company will be to buy a fourth newsprint machine, costing NZ$200m for the Kawerau paper plant, Mr. Trotter announced. The group will operate in wood products and forestry, steel and building materials, aluminium, finance and computers, agricultural trading, farm management and live stock purchasing, and general manufacturing.

A new holding company will issue 50 cent shares on the basis of 18 shares for every nine shares held in Challenge, 23 shares for every nine shares held in Fletcher, and 21 shares for every nine shares held in Tasman. The merger will make Fletcher Challenge the largest industrial operation in New Zealand. The three companies were already in the top five industrialists in the country. The strength of the new merged group is reflected in the fact that the NZ$200m outlay *for the new paper machine is* the largest single investment ever by any New Zealand group. At today's rates the machine will earn NZ$70m a year in foreign exchange.

Pre-tax earnings at Nedbank top R100m

BY JIM JONES IN JOHANNESBURG

NEDBANK, South Africa's third largest banking group, has become the country's first bank to report pre-tax earnings of more than R100m. Pre-tax earnings for the year to September 30, were R100.2m ($133.6m) against R72.3m in 1979-80. After tax and minorities, attributable operating income was R67.4m, against R47.4m.

Though the group did not disclose its end - September balance sheet with the preliminary profit announcement, it has revealed that over the year *total assets rose by 24 per cent* to R4.6bn ($6.1bn).

Unlike other banks, Nedbank has traditionally kept well within the statutory 16.7 to 1 liabilities ratio. The major constraint on the bank lay in credit ceilings imposed by the South African Reserve Bank. Since those were removed entirely a few months ago, Nedbank is confident that the group has scope to grow strongly during the current year. In the past, Nedbank has relied to a greater extent than its competitors on wholesale funds, rather than on deposits from customers. Though the group has no intention of increasing significantly the number of its commercial banking outlets, the management indicates that customer deposits have increased strongly in the past year.

In contrast with competing banks, which have tended to move increasingly into the hire purchase field, Nedbank has tended to view that market with scepticism. It feels that, though gross margins are high on hire purchase business, net margins are not inherently more attractive than on other banking operations. In addition, hire purchase divisions tend to be labour intensive and, therefore, not altogether suited to Nedbank's *relatively lean staffing.*

In part, the management bases its confidence of a further strong earnings advance this year on the fact that loans for major industrial capital spending projects which were announced in the past couple of years are only now starting to be drawn down. In addition, the bank's branches are reporting increasing demand for advances from companies seeking working capital to fund rising stock levels.

A total dividend of 38 cents has been declared from earnings per share of 76.4 cents. This compares with dividends of 27 cents and earnings of 54.2 cents in 1979. It is the bank's policy that dividends should be twice covered by earnings.

TNT and Bell take interest in Belgian line

By James Forth in Sydney

TWO AUSTRALIAN transport groups, Thomas Nationwide Transport (TNT) and Bell Freight Lines, have each bought an 11.11 per cent interest in the big Belgium shipping group, ABC Container Line from Mr. Tsvi Vered Rosenfeld. ABC operates a bulk carrier-container shipping fleet which operates an around-the-world service between Europe, Australia and New Zealand, the Gulf of Mexico and back to Europe.

It is believed that one of the conditions required by TNT before it would buy into the line was that ABC would not operate on the Australia-New Zealand run and compete with TNT's 50 per cent owned Union Steam.

TNT and Bell are thought to have an option to raise their interest in ABC to 50 per cent over the next two years. It is the first time that TNT, headed by Sir Peter Abeles, and Bell, headed by Mr. Robert Holmes à Court, have acted together. Bell has been building up a stake in TNT and now owns close to 10 per cent of the capital.

First-half rise for Cold Storage

By Georgie Lee in Singapore

GROUP pre-tax profit for the half-year ended July at Cold Storage Holdings rose by 20 per cent to S$11.9m (U.S.$5.7m) but net profit rose by the lower rate of 14 per cent to S$6.13m after a 27 per cent higher tax charge of S$5.7m. Group turnover advanced by 9.3 per cent to S$118.9m.

The group, which is a major food and beverage, and refrigerated storage group in Singapore and Malaysia has declared an interim gross dividend of 4.5 cents per share.

Cold Storage attributed the improvement in its performance mainly to its dairy and beverage divisions. The Singapore operations were *also* particularly buoyant. The improvement, the group said, has continued into its second half-year.

The sale of 35 per cent of the equity of Cold Storage (Malaysia) BHD took place subsequent to July and therefore was not reflected in the first half results, the company said.

Danot buys German stake in Israel Corporation

BY L. DANIEL IN TEL AVIV

DANOT, the investment company formed two years ago by a group of leading Israeli industrialists, has reached agreement with a group of investors in Germany to buy out their share in The Israel Corporation for $14.5m.

The purchase of 15m cumulative preferred shares of I£10 each will, after conversion into ordinary shares, gives Danot 27 per cent of both the stock and the voting rights in the corporation. The next largest group of shareholders, with 11 per cent, is headed by Baron de Rothschild of Paris, who was consulted before the deal and welcomed it.

The Israel Corporation (which has no quoted shares) was founded in the late 1960s to attract foreign investors to help develop the Israel economy and was granted special tax concessions under Israel corporation law. It has raised some $55m and owns 50 per cent of Zim Israel Navigation Company, 26 per cent of Israel Oil Refineries, owns or controls hotels, and has large investments in industry.

Danot intends to step up expansion of the Israel Corporation, probably in the field of industry, according to Dov Lautman, one of the leading founders of Danot. Danot recently floated an issue on the Tel Aviv stock exchange to buy the First International Bank of Israel from the Eisenberg group of companies. The issue was heavily oversubscribed.

CURRENCIES, MONEY and GOLD

Sterling steady

Sterling was unchanged on balance in currency markets yesterday after its recent sharp rise. Its trade weighted index was unchanged at 78.3, having stood at 78.4 at noon and 78.2 in the morning. Against the dollar, sterling opened at $2.4395 and eased initially to $2.4340 before coming back to touch a best level of $2.4435. By noon, however, it had eased once more to $2.4350 and sank to a low of $2.4290 soon after. It closed at $2.4345-2.4355, a fall of just 10 points from Tuesday's close. The pound was marginally firmer against European currencies, closing at DM 4.5375 against the D-mark from DM 4.5325, and SwFr 4.0475 from SwFr 4.0350 against the Swiss franc. Trading was not as active as earlier in the week, and there may have been some hesitation ahead of any possible cut in MLR today.

The dollar continued to improve but showed less of a rise than earlier in the week. Against the D-mark it closed at DM 1.8625 compared with DM 1.8600 on Tuesday and SwFr 1.6620 against SwFr 1.6540. It was also firmer against the Japanese yen, rising to Y209.40 from Y207.90. On Bank of England figures, the dollar's index rose from 84.2 to 84.4.

D-MARK—Second weakest member of the European Monetary System, and lower against the dollar on higher U.S. interest rates and a downturn in the German economic outlook. The D-mark is around a four-year low against sterling, and its lowest level against the dollar since April—The D-mark was steadier in Frankfurt yesterday, and was unchanged on balance at the fixing. It lost ground to the U.S. dollar, but improved against sterling, while inside the EMS the French franc showed marginal gains as did the Dutch guilder, but on the other side the Belgian franc eased together with the Danish krone. The dollar was fixed at DM 1.8691 against DM 1.8659, while sterling slipped to DM 4.5530 from DM 4.5580. The Swiss franc was lower at DM 1.1249 compared with DM 1.1255, but the Dutch guilder rose to DM 92.30 per Fl 100 from DM 92.25.

DANISH KRONE—Trading steadily around the middle of the EMS, having suffered two devaluations in 1979—Sterling was fixed at its highest level since 1973 in Copenhagen yesterday, rising to DKr 14.0150 from DKr 13.9910 on Tuesday. Dealers suggested that this was mainly a reflection of the D-mark's current weakness against the dollar, and the fact that sterling is also at a four-year high against the West German currency. Within the EMS however the krone remained steady, with the French franc fixed lower at DKr 1.3340 against DKr 1.3350, and the Dutch guilder at DKr 2.8370 compared with 2.8382. The dollar rose to DKr 5.75 from DKr 5.7335.

ITALIAN LIRA—Weakest member of the EMS, reflecting high inflation and balance of payments problems—The dollar rose to a six-month high against the lira in Milan yesterday, while sterling slipped slightly after its recent sharp rise. The dollar was fixed at L884.30 against L883.55 previously, while sterling fell to L2,153.75 from Tuesday's all time high of L2,165.90. However sterling's fall was largely technical, and may have been influenced by the possibility of a reduction in MLR today.

JAPANESE YEN—Remaining firm especially against the dollar, reflecting the marked improvement in Japan's economic performance — The yen continued to show little movement against the dollar yesterday in Tokyo, and the U.S. unit closed at Y208.35 compared with Y208.25 on Tuesday. It opened at Y208.30, and traded in a generally featurless market, with any slightly weaker tendency being countered by a higher trend in U.S. interest rates.

THE POUND SPOT AND FORWARD

Oct. 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.4290-2.4436	2.4345-2.4355	1.00-0.90c pm	4.68	1.77-1.67 pm	2.82
Canada	2.8310-2.8500	2.8400-2.8410	1.65-1.55c pm	6.76	3.50-3.40 pm	4.88
Nethlnd.	4.90½-4.95½	4.91-4.92	3⅝-2⅝c pm	7.63	8⅝-7⅝ pm	6.61
Belgium	72.50-73.30	72.55-72.65	40-30c pm	5.78	80-70 pm	4.13
Denmark	13.82-14.04	13.82¾-13.83¾	4½-3ore pm	3.23	4⅞-3⅞ pm	1.13
Ireland	1.2070-1.2145	1.2100-1.2110	0.37-0.27p pm	3.17	0.68-0.59 pm	2.10
W. Ger.	4.53-4.58	4.53¾-4.54¾	3⅞-2⅞pf pm	8.92	8¾-7¾ pm	7.27
Portugal	123.20-124.20	123.90-124.10	5c pm-35 dis	−1.45	3 pm-31 dis	−1.42
Spain	182.10-182.85	182.10-182.20	110-165c dis	−9.05	345-420 dis	−8.40
Italy	2150-2156	2151¾-2152¾	3¾-5¾lire dis	−2.37	28-31 dis	−5.48
Norway	11.97-12.08	11.97½-11.98½	8½-7ore pm	7.76	16-15¾ pm	5.22
France	10.44-10.52	10.44½-10.45½	5¾-4¾c pm	6.03	11¾-10¾ pm	4.31
Sweden	10.25-10.31	10.25½-10.26½	2⅝-2ore pm	2.70	3½-2½ pm	1.17
Japan	502-512	509½-510½	3.30-3.05y pm	7.47	8.05-7.75 pm	6.20
Austria	32.05-32.35	32.10-32.15	16-13gro pm	5.42	34-29 pm	3.92
Switz.	4.03-4.07	4.04¾-4.05¾	5-4c pm	13.34	11½-10½ pm	10.99

Belgian rate is for convertible francs. Financial franc 72.95-73.05. Six-month forward dollar 1.98-1.88c pm. 12-month 2.55-2.40c pm.

THE DOLLAR SPOT AND FORWARD

Oct. 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.4290-2.4435	2.4345-2.4355	1.00-0.90c pm	4.68	1.77-1.67 pm	2.82
Ireland†	2.0110-2.0185	2.0130-2.0160	0.30-0.20c pm	1.49	0.40-0.30 pm	0.69
Canada	1.1659-1.1678	1.1670-1.1673	0.33-0.28c pm	3.13	0.77-0.72 pm	2.55
Nethlnd.	2.0165-2.0307	2.0165-2.0175	0.58-0.48c pm	3.14	2.03-1.93 pm	3.92
Belgium	29.80-29.94	29.80-29.82	4-3c pm	1.40	14-11 pm	1.67
Denmark	5.7295-5.7465	5.7340-5.7365	0.40-0.90ore dis	−1.36	2.40-2.90dis	−1.85
W. Ger.	1.8600-1.8750	1.8620-1.8630	0.63-0.58pf pm	3.90	2.18-2.13 pm	4.63
Portugal	50.60-50.95	50.85-50.95	18-33c dis	−6.02	38-73 dis	−4.37
Spain	74.90-74.98	74.90-74.94	75-90c dis	−13.21	190-220dis	−10.94
Italy	884.05-885.80	884.35-884.65	5-6lire dis	−7.46	18-19½ dis	−8.48
Norway	4.9245-4.9475	4.9250-4.9260	1.40-0.90ore pm	2.80	2.80-2.30 pm	2.07
France	4.2700-4.3160	4.2700-4.2725	0.55-0.45c pm	1.33	1.75-1.65 pm	1.58
Sweden	4.2170-4.2208	4.2170-4.2180	0.90-1.05ore dis	−2.77	2.40-2.55dis	−2.35
Japan	208.00-209.60	209.35-209.45	0.55-0.40y pm	2.72	2.00-1.85 pm	3.68
Austria	13.18-13.23¼	13.19-13.20	1.30-0.70gro pm	0.91	4.50-2.75 pm	1.10
Switz.	1.6550-1.6700	1.6615-1.6625	1.20-1.15c pm	8.48	3.42-3.37 pm	8.17

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Oct. 22	Bank of England Index	Morgan Guaranty Changes%
Sterling	78.3	−27.3
U.S. dollar	84.4	−9.4
Canadian dollar	80.6	−17.3
Austrian schilling	151.5	+22.6
Belgian franc	113.6	+11.7
Danish kroner	104.3	−5.3
Deutsche mark	150.0	+41.3
Swiss franc	197.0	+82.0
Guilder	124.5	+19.2
French franc	99.3	−6.5
Lira	51.5	−52.3
Yen	137.4	+34.6

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Oct. 21	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	16	0.535777	0.561646
U.S. $	11	1.30375	1.37270
Canadian $	11.60	1.52187	1.60167
Austria Sch.	6¾	17.1965	18.1196
Belgium F	12	38.9886	40.9922
Danish K	12	7.47049	7.86625
D'mark	7½	unavail.	2.56008
Guilder	8	2.64631	2.78040
French Fr.	9½	5.61786	5.90467
Lira	16½	1151.86	1212.78
Yen	8.25	272.484	285.796
Norwgn. Kr.	9	6.40728	6.78113
Spanish Pts.	8	97.6287	102.952
Swedish Kr.	10	5.47119	5.77385
Swiss Fr.	3	2.16357	2.27466

OTHER CURRENCIES

Oct. 22	£	$		£ Note Rates
Argentina Peso	4728-4748	1942-1949	Austria	32.15-32.50
Australia Dollar	2.0710-2.0750	0.8510-0.8516	Belgium	72.85-73.60
Brazil Cruzeiro	144.83-146.83	59.595-59.795	Denmark	13.90-14.10
Finland Markka	9.00½-9.01½	3.7070-3.7080	France	10.46-10.55
Greek Drachma	104.953-107.477	43.00-43.15	Germany	4.54-4.59
Hong Kong Dollar	12.27-12.29	5.0440-5.0460	Italy	2140-2265
Iran Rial	n.a.	n.a.	Japan	509-514
Kuwait Dinar(KD)	0.649-0.655	0.2677-0.2678	Netherlands	4.91-4.96
Luxembourg Frc.	72.55-72.65	29.80-29.82	Norway	11.95-12.10
Malaysia Dollar	5.1860-5.1950	2.1310-2.1330	Portugal	117½-130½
New Zealand Dlr.	2.4795-2.4845	1.0190-1.0200	Spain	176½-186¾
Saudi Arab. Riyal	8.06-8.12	3.3215-3.3240	Sweden	10.23-10.38
Singapore Dollar	5.0450-5.0600	2.0745-2.0765	Switzerland	4.03-4.07
Sth. African Rand	1.8225-1.8240	0.7485-0.7490	United States	2.42¾-2.44½
U.A.E. Dirham	8.95-9.01	3.6878-3.6893	Yugoslavia	76-79

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU October 22	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.9704	+2.97	+0.80	±1.53
Danish Krone	7.72336	7.86820	+1.89	−0.29	±1.64
German D-Mark	2.48208	2.56071	+3.17	+1.00	±1.125
French Franc	5.84700	5.90680	+1.02	−1.15	±1.3557
Dutch Guilder	2.74362	2.77335	+1.08	−1.09	±1.512
Irish Punt	0.668201	0.680795	+1.88	−0.29	±1.668
Italian Lira	1157.79	1211.07	+4.60	+2.60	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Oct. 22	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.435	4.538	510.0	10.45	4.048	4.915	2152.	2.841	72.60
U.S. Dollar	0.411	1.	1.863	209.4	4.292	1.662	2.018	883.9	1.167	29.82
Deutschemark	0.220	0.537	1.	112.4	2.303	0.892	1.083	474.3	0.626	16.00
Japanese Yen 1,000	1.961	4.775	8.897	1000.	20.49	7.936	9.637	4220.	5.570	142.4
French Franc 10	0.957	2.330	4.342	488.0	10.	3.873	4.703	2060.	2.718	69.47
Swiss Franc	0.247	0.602	1.121	126.0	2.582	1.	1.214	531.7	0.702	17.94
Dutch Guilder	0.203	0.495	0.923	103.8	2.126	0.823	1.	437.9	0.578	14.77
Italian Lira, 1,000	0.465	1.131	2.108	237.0	4.855	1.881	2.284	1000.	1.320	33.73
Canadian Dollar	0.352	0.857	1.597	179.5	3.679	1.425	1.730	757.7	1.	25.56
Belgian Franc 100	1.377	3.354	6.250	702.5	14.39	5.575	6.770	2965.	3.913	100.

FT LONDON INTERBANK FIXING (11.00 a.m. OCTOBER 22)

3 months U.S. dollars		6 months U.S. dollars	
bid 13 7/16	offer 13 9/16	bid 13 9/16	offer 13 11/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

Oct. 22	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	18½-18¾	12⅝-12⅞	9-10	9-9⅛	⅝-1	8 5/16-8¾	11⅝-11⅞	14-17	12⅝-12¾	9¼-9¾
7 days' notice	18¼-18¾	12¾-13	9-10	9⅜-9⅞	⅝-⅞	8 7/16-8 11/16	11⅝-11⅞	17¼-19¼	12⅞-13	9¾-10
Month	17⅝-17⅞	12⅜-12⅝	10⅛-10½	9⅛-9¼	4 1/16-4 5/16	8 9/16-8 13/16	11 9/16-11 13/16	19¼-20¼	12⅜-12½	9¾-10
Three months	16 7/16-16 11/16	13 5/16-13 7/16	11-11⅜	9¼-9 7/16	5 5/16-5 9/16	8 9/16-8 13/16	11⅞-12⅛	21¼-22¼	13 5/16-13 7/16	9¾-10
Six months	15¼-15⅝	13⅜-13⅝	12-12⅜	9 5/16-9½	5⅝-5½	8⅝-8¾	12 1/16-12 5/16	21¾-22¾	13⅜-13½	9⅝-9⅞
One Year	14¼-14⅝	12⅞-13⅛	12-12⅜	9⅜-9 9/16	5 5/16-5 9/16	8 5/16-8 9/16	12 1/16-12 5/16	21½-22½	12⅞-13	9⅝-9⅞

Long-term Eurodollar two years 12¾-13 per cent; three years 12¾-13 per cent; four years 12¾-13 per cent; five years 12¾-13 per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore. The following nominal rates were quoted for London dollar certificates of deposit; one-month 13.05-13.15 per cent; three months 13.25-13.35 per cent; six months 13.20-13.30 per cent; one year 12.75-12.85 per cent.

INTERNATIONAL MONEY MARKETS

Dutch rates ease

Interest rates are expected to show little change in the Amsterdam money market in the near future, following the recent decline as a result of ample liquidity and the cut in the central bank discount rate by ½ per cent from 8½ per cent. Call money was quoted at 8⅞-9⅛ per cent yesterday, compared with 9½-9⅝ per cent previously, while one-month eased to 9-9¼ per cent from 9¼-9½ per cent. The downward trend is expected to take some of the pressure off the D-mark, which is at present only slightly above its intervention rate against the guilder within the European Monetary System.

In Singapore the Monetary Authority of Singapore raised its discount rate for bank bills by 1 per cent to 11½ per cent yesterday, and its export bills rediscount rate by ½ per cent to 9½ per cent.

This was the third increase in the discount rate in four weeks, but earlier rises have had little affect on the local money market since domestic rates have generally been well above the official level. As a result of the upward trend in rates three of Singapore's big four banks increased their prime rates to 12 per cent yesterday. They were the Overseas Union Bank, the United Overseas Bank, and the Oversea-Chinese Banking Corporation. This followed a rise to 12½ per cent in the prime rate of the Development Bank of Singapore, the other major Singapore bank.

GOLD

Slight rise

Gold rose $7 an ounce in the London bullion market yesterday to close at $658-661 in generally featureless trading. The metal opened at $658-661, and was fixed at $659.50 in the morning and $660.00 in the afternoon. It touched a high of $662-664, but failed to hold this level, and closed unchanged from the opening.

In Frankfurt the 12½-kilo bar was fixed at DM 39,665 per kilo ($659.83 per ounce) compared with DM 39,170 ($653.52) on Tuesday, and closed at $659-661 against $651-653 an ounce on Tuesday.

In Zurich gold finished at $658-661 compared with $651-654 previously.

	Oct. 22		Oct. 21	
Gold Bullion (fine ounce)				
Close	$658-661	(£270¼-271½)	$651-654	(£267-268¼)
Opening	$658-661	(£270-271¼)	$651-654	(£268-269¼)
Morning fixing	$659.50	(£270.066)	$652.75	(£267.982)
Afternoon fixing	$660	(£270.936)	$652.50	(£267.254)
Gold Coins				
Krugerrand	$679-681	(£278½-280)	$673-675	(£276-277)
1/2 Krugerrand	$345-350	(£141-145)	$345-350	(£141-144)
1/4 Krugerrand	$175-179	(£71-74)	$174-179	(£70-74)
1/10 Krugerrand	$71-74	(£29-31)	$71-74	(£28½-30½)
Mapleleaf	$672-675	(£274½-277½)	$667-671	(£273½-276½)
New Sovereigns	$167-168	(£68½-69)	$165½-166½	(£67¾-68¾)
King Sovs	$187-189	(£76½-78½)	$188-190	(£77-79)
Victoria Sovs	$187-189	(£76½-78½)	$188-190	(£77-79)
French 20s	$168½-170½		$169-172	
50 pesos Mexico	$820-825		$810-815	
100 Cor. Austria	$642-646		$638-642	
$20 Eagles	$767-771		$766-770	

UK MONEY MARKET

Large help

Bank of England Minimum Lending Rate 16 per cent (from July 3, 1980)

Interest rates remained firm in the London money market yesterday, with overnight interbank money touching 19½-20 per cent, while continued heavy tax payments created another shortage of day-to-day credit. The authorities gave large assistance to the market by buying a small amount of Treasury bills, a small number of local authority bills, and a small amount of eligible bank bills from the discount houses. The help was completed by making moderate loans overnight at Minimum Lending Rate to five or six houses.

Apart from the very large excess of revenue payments to the Exchequer over Government disbursements, the market was also faced with repayment of Tuesday's borrowing from the Bank of England, which was somewhat offset by surplus balances brought forward by the banks. Discount houses paid 15½-15¾ per cent for secured call loans at the start, with closing balances taken at 15¾-16 per cent.

MONEY RATES

NEW YORK	
Prime Rate	14
Fed. Fund	12¼-12½
Treasury Bills (13-week)	11.74
Treasury Bills (26-week)	11.62
GERMANY	
Discount Rate	7.50
Overnight Rate	9.05
One month	9.15
Three months	9.10
Six months	8.825
FRANCE	
Discount Rate	9.5
Overnight Rate	11.0625
One month	11.3125
Three months	11.5625
Six months	11.875
JAPAN	
Discount Rate	8.25
Call (Unconditional)	10.6375
Bills Discount (three-month)	10.78125

LONDON MONEY RATES

Oct. 22 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	16-20	18-18¾	—	—	—	15½-16	—	—	—
2 days notice	—	—	18¼-18⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	18¼-18½	18-18¼	—	18¾	—	15¾-16	—	—	—
One month	17-16⅞	17⅛-17 5/16	17⅛-17 3/16	17-17⅛	17½	17⅝	15½	14 15/32	16¾	17
Two months	16 9/16-16 7/16	16⅝-16 9/16	—	16⅝-17⅛	17	17¼	14⅞	14 13/32	16 7/16-16⅜	16½
Three months	16 5/16-16 3/16	16 5/16-16 3/16	16¼-16 3/16	16-16½	16½	16-16¾	14½-14⅝	14 7/16-14 13/32	15 15/16-15½	16½
Six months	15⅛-15	15 1/16-15⅛	15¼	15-15⅜	15⅝	15½	—	—	14	14⅞
Nine months	14½-14⅜	14½-14¾	—	14⅝-15	14⅞	15¼	—	—	—	—
One Year	14-13⅞	14⅛-14 3/16	14⅛-14¼	14⅛-14⅜	14½	15	—	—	—	—
Two years	—	—	13⅞-14	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 13¾-13⅝ per cent; four years 13¾-13⅝ per cent; five years 13¾-13⅝ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15 per cent; four-months trade bills 15½ per cent.

Approximate selling rate for one-month Treasury bills 14 15/32-14 13/32 per cent; two-months 14 13/32-14 11/32 per cent; three-months 14 7/32-14⅛ per cent. Approximate selling rates for one-month bank bills 16⅝ per cent; two-months 15⅞ per cent; three-months 15 9/16 per cent; one-month trade bills 16¾ per cent; two-month 16¼ per cent and three-months 15⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16½ per cent from October 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 14.2720 per cent

Financial Times Thursday October 23 1980

BUSINESS BOOKS

Identifying the impact of mergers in terms of social welfare

BY RICHARD LAMBERT

Mergers and economic policy, by Keith Cowling, Paul Stoneman, John Cubbin, John Cable, Graham Hall, Simon Domberger and Patricia Dutton. Cambridge University Press, £19.50.

TAKEOVERS do not usually produce the rewards which are expected of them. Many of the giant mergers of the late 1960s and early 1970s have turned out disappointingly for employees, customers and shareholders, as well as for the Government which in some cases helped to promote them. A growing library of academic research points almost without exception to the same conclusion: mergers may help to boost management's ego, but often not much else.

Trade-off

Much of the work on this subject so far has been based on the impact of takeovers on profitability—either directly, by looking at balance sheet returns, or indirectly, by measuring the relative performance of share prices. In "Mergers and economic performance," a group from the University of Warwick and Lanchester Polytechnic has attempted a different approach. Its members' concern has been to identify the impact of mergers in what they call social welfare terms, and their theme is that a trade-off exists between economic power and technical efficiency.

As an example of what this means, consider the case of a company that generates higher profits after a merger than did each of its constituent business before they came together. The authors argue that if the extra profits are generated through real resource savings, then the deal can be rated a success both in terms of social welfare and of the company as a private entity. There is no conflict between the two.

If, on the other hand, the extra profits arise from the exercise of increased market power then, whatever its shareholders may think, the improvement in the company's performance is not reflected in the social judgment: the merger is a failure. A merger that increases monopoly power can only be rated a success if such power is more than offset by gains in efficiency.

The argument is developed through a series of quite detailed case studies, and the longest chapter examines nine of the big horizontal mergers which took place between 1966 and 1969. These include Thorn/Radio Rentals, Rowntree/Mackintosh, Tube Investments/Coventry Gauge, and the creation of Ransome Hoffmann Pollard. To illustrate this approach with the example of Tube Investments, the authors briefly analyse the overall market for machine tools, the impact of economies of scale in the industry, changes in the overall market structure, the *success of the merger itself, and* the performance of the machine tool industry as a whole.

In each case, the authors attempt to measure changes in efficiency following the merger: an increase is defined as a reduction in the ratio of inputs used to outputs produced. This is expressed in a formula which takes in the company's expenditure on inputs and their prices, and its revenue from sales of outputs, and their prices.

The conclusion is that even those companies which managed to increase their efficiency by this measurement after the merger did not produce gains that differed greatly from those achieved by non-merging rivals. Since in all cases the mergers in question brought with them increases in market power, none of them are rated a success in the authors' terms.

The book goes on to examine two of the best known mergers of the period—one which produced British Leyland, the other which put together GEC in its present shape. They had a surprising amount in common at the time. Both were sponsored by the Industrial Reorganisation Corporation, and both were identified with a highly esteemed and dominant personality, Lord Stokes and Sir Arnold Weinstock. The companies being taken over were themselves the result of earlier mergers and were facing serious commercial difficulties.

Revealing

Yet the outcome of the two mergers in commercial terms could hardly have been more different, and the contrast in management styles is revealing. Whereas British Leyland took the initiative away from plant management and built a large central staff, one of Sir Arnold Weinstock's first steps was to reduce central staffing and confer the power of decision-making on his managers in the field. British Leyland remained largely unintegrated, but GEC placed able men into management jobs immaterial of the company for which they had had worked previously. GEC wasted no time in closing plants, but British Leyland hung fire on the problem of over-manning.

In addition, the motor company was vulnerable to increasing import competition in the consumer market. This pressure really only applied to GEC in its domestic appliance business, which has consistently been one of its least successful activities.

This is fascinating stuff, and there is more of the same. Yet the book has some serious flaws. One is its leaden style, of which one example is irresistible:

"While more *detailed* empirical evidence is necessary before firm conclusions can be drawn, it is possible that at least some of the diversifying mergers that occurred in the UK in the late 1960s may be interpreted as corporate search for more profitable investment opportunities."

Another drawback is that the calculations of efficiency involve the authors in a number of assumptions about unpublished data which can only with charity be described as heroic. The suggestion that all will be well so long as a set of figures remains consistently inaccurate is not wholly convincing.

Most seriously, the tone of the book leaves the distinct impression that the authors are not quite as objective as their liberal use of mathematical formulae might suggest. If their sums do not suit their *a priori* arguments — as, for instance, in the example of the major brewers—they find reasons for dismissing them. The authors are assertive, even in places offensive. The book contains a number of innuendoes about companies which appear to be unsupported by the text.

The work represents the findings of a project commissioned by the Department of Trade and subsequently by the Office of Fair Trading. It *finishes* with a plea for a "fairly strictly interpreted ban" on all merger activity, and for a hard-line approach towards enforced divestiture. Although the present system of merger control is far from perfect, the sponsors of this work should not be over-impressed with its conclusion.

Exchange risk: shifting views on levels of exposure

BY BARRY RILEY

Exchange Risk and Exposure, Current Developments in International Financial Management. Edited by Richard M. Levich and Clas G. Wihlborg. Lexington Books, price £13.50. 208 pages.

EXCHANGE risk exposure is a subject on which opinions can change quickly and radically. Not long ago, for instance, currency hedging was popular (and in the UK, for reasons of exchange controls, was almost inevitable both for companies and for portfolio managers). Now there is an increasing view that hedging can sometimes be unhelpful and direct exposure to foreign currency risks can be appropriate.

The behaviour of currencies themselves can also go through distinctly separate phases. A fairly quiet period in 1974 and 1975 was followed by a phase in which extreme fluctuations were seen in currencies like sterling, the Swiss franc and later the yen, while the dollar began to show serious weakness. But over the past year or so comparative calm has returned, perhaps because the portfolio investment effect of OPEC surpluses has been damping down underlying currency imbalances.

No more striking change has occurred than in the U.S. view on accounting for *foreign* exchange exposure. The FAS 8 accounting standard, notorious for the way it exaggerated the impact of exchange rate fluctuations on the income account, has been overthrown by a narrow majority of the Financial Accounting Standards Board, and is likely to be replaced by a so-called net investment method which transfers much of the exposure to the balance sheet.

This development unfortunately means that important parts of this book, which is compiled from the proceedings of a conference in New York 20 months ago, are now somewhat out of date. Still, this is a lively presentation which takes the form of an interaction between academics and practitioners. And many of the areas of debate remain highly relevant.

Thus the academics are liable to talk rather glibly about efficient markets, and to set up models which gloss over trivial details like taxes. The practitioners, on the other hand, tend to be mindful of the practical imperfections in the system, and to wonder whether the losses incurred on, say, Swiss franc borrowings a few years ago could possibly be compatible with efficient pricing.

Not efficient

One fascinating debate concerns foreign currency exchange rate forecasting services. Evidence is quoted to suggest that such services have often been able to outperform the forward rate, so there is a suggestion that the exchange markets are not fully efficient. Annoyingly, though, the trend-chasing technical services often do better than services based on economic or financial criteria such as trade competitiveness; the latter, as the recent history of sterling shows, can give the wrong answer for years at a time.

Surprisingly, the book contains little discussion of the role of central banks. If these are heavily intervening in the financial markets, and are preventing interest rates (and thus forward exchange rates) from reaching equilibrium levels, the lack of efficiency in exchange markets at certain periods could readily be explained.

As for FAS 8, hte efficient market viewpoint is that the stock market is unlikely to be misled by strange earnings figures so long as the basis of presentation is understood by expert market participants. This is close to saying, however, that accounting standards hardly matter at all. The FASB seems to have taken the more pragmatic viewpoint that U.S. companies have been tempted to hedge their accounting exposure is a way that has involved real economic costs. So it may be goodbye to FAS 8—but not entirely unlamented by one of this book's contributors, who suggests that at least FAS 8 has encouraged US companies to make a quantum leap in their exchange risk management capabilities.

Other recent publications

Troubleshooting International Business Problems, by David S. Duckworth and Ian S. Blackshaw. Oyez Publishing, price £9.75.

A COMPANY is involved in a dispute and recourse to the law is either impractical or undesirable. What can it do? This book reckons it has the answers. They include a mixture of arguments, influences and pressures to persuade the other party to be more constructive or conciliatory. Troubleshooting, it is suggested, implies focused thinking and this is what the book aims to promote.

The Concept of Corporate Strategy, by Kenneth R. Andrews. Dow Jones-Irwin, 1818 Ridge Road, Homewood, Illinois 60430, U.S., price $11.95.

The AUTHOR puts forward a theory which he hopes will reduce the range of responsibility that senior executives must bear to more reasonable proportions. He sees the major function of the chief executive as fourfold: ensuring planned results are attained; developing an organisation capable of developing technical achievement and human satisfaction: making a distinctive personal contribution; and planning and executing policy decisions affecting future results. It is in these areas the author seeks to propose his strategy for devolving the burden of responsibility.

Responses to Participation at Work, by Mick Marchington. Gower Publishing, Farnborough, Hants., price £12.50.

IN RECENT years, particularly under the previous government and during the preparation of the Bullock report, a great deal was written on the rights and wrongs of worker participation in industry. The greater part discussed broad principles and their likely impact. This book, while acknowledging this broad debate, is based upon the experiences of one company. It analyses employees' attitudes, the role of the union and shop stewards in particular, and management's acceptance of participation and draws some broad conclusions.

Computers and Social Change, by Murray Laver. Cambridge University Press, price £8 and £2.95 paperback.

Computers and Profits—Quantifying Financial Benefits of Information, by Jack P. C. Kleijnen. Addison - Wesley Publishers, price £10.40.

THESE two publications look at two entirely different aspects of the computer age. The former is a more fundamental book, looking at the social impact of computers, while the latter sets itself the more specific task of highlighting the benefits and value-added aspects of information systems rather than their potential for cost reduction and people displacement.

Business Cycle Analysis, edited by Warner H. Strigel. Gower Publishing, Farnborough, Hants., price £17.50.

THIS brings together papers first presented at the 14th conference of the Centre for International Research on Economic Tendency. Papers covered trends and thinking in a large number of countries throughout Europe, the Far East, Australia, Africa and South America.

Organisational Paradoxes — Clinical Approaches to Management, by Manfred F. R. Kets de Vries. Tavistock Publications, price £6.50 and £3.25 paperback.

USING A host of anecdotes, fables and the occasional fairytale the author analyses the nature of leadership and the coercive nature of organisation. The book also looks at the problems faced by middle-aged and ageing managers and puts forward ideas for adapting the changes in expectations of managers as they get older.

How to Measure Managerial Performance, by Richard S. Sloma. Collier Macmillan, price £6.95.

ANY READER of this book must first accept the author's assertion that the need for management by objectives (MBO) is "irrefutable." This is because, rather than setting out a thesis to justify his belief, Sloma has provided a step-by-step guide to the "nuts and bolts" tools which any manager needs to implement MBO. It is very much a "how to" and "what to do" book applied to all the different elements of management.

Estimating the Engineering Services, by Bryan Mayo-Chandler. The Electrical Contractors' Association, price £13.

THIS IS a step-by-step guide through the processes of cost estimating. It is based on a system and method of documentation devised by the author and looks at all the stages from receipt of inquiry to establishment of the profit margin.

Industrial Purchase Price Management, by Dr. Brian Farrington. Gower Publishing, in association with the Institute of Purchasing and Supply, price £15.

THE EXTENT to which a company's purchasing policies affect the final cost of its products at last seems to be receiving a little more attention than has been so to date. This book claims to contain the first analysis of pricing of industrial products from the standpoint of the professional buyer. For each of the key factors in buying the author shows how effective purchasing methods can be applied to take equal account of costs, profit objectives and marketing considerations.

BUSINESS BOOKS

Have bureaucracies had their day?

BY GEOFFREY OWEN

Managerial Hierarchies: comparative perspectives on the rise of the modern industrial enterprise. Edited by Alfred D. Chandler Jr. and Herman Daems. Harvard University Press, £9.90

AN IMPORTANT theme in the history of business since the middle of the 19th century has been the rise of the large, multi-unit enterprise. Starting in the U.S. and spreading to other industrial countries, this institutional form has come to dominate a number of industries, especially those where economies of scale in production and distribution are important. The leading American historian in this field is Alfred Chandler, whose book, The Visible Hand, published in 1977, is the classic study of the "managerial revolution" in U.S. business. Chandler has co-edited this new collection of essays, which compare U.S. experience with that of the U.K., Germany and France and discuss the public policy issues arising from the growth of big business.

Complexity

The first modern business enterprises in the U.S. were the railroad and telegraph companies, appearing in the 1850s. The size and complexity of the railroad systems required the creation of separate geographical units, each with several layers of management, *reporting to a corporate* headquarters which concentrated on strategies for growth and allocating resources to achieve them. Over the next few decades a similar structure was adopted by mass retailers like Sears Roebuck, food processors like Heinz and high-volume industrial goods manufacturers *like Singer* and *National Cash* Register. After World War I some of the largest companies took steps to diversify beyond their original product lines and formed multi-divisional structures to manage the enlarged business; Du Pont and General Motors were the leaders in this development.

Western Europe followed a similar pattern, with important differences in timing and in the particular industries affected. In the UK the federated holding company, with loose control over its subsidiaries, lasted longer than in the U.S. Similarly in France companies were often linked together through minority shareholdings, which did not permit an integrated approach to management: it is only in the last few years that French industry has adopted structures similar to those of the U.S. In Germany the banks played a central role in the growth of large companies. The trend towards "managerial hierarchies" was especially marked in electrical engineering and chemicals, reflecting the importance of scientific research and technology in German industrialisation.

According to Chandler, the modern business enterprise "began and expanded by internalising activities and transactions previously carried out by a number of separate businesses. It emerged at the point when the businesses, or units, could be operated more profitably through a centralised managerial hierarchy than by means of decentralised market mechanisms."

Integrating backwards to gain access to raw materials and forward to take control of distribution — this promised higher and more stable profits than earlier arrangements. Herman Daems argues that the competitive advantage of hierarchies depends on their ability to provide effective and relatively cheap supervision of performance and the use of resources. "The modern hierarchical firm evolved to co-ordinate the flow of goods, to monitor the units and to allocate resources to them. It carried out all these functions by means of a *hierarchical management structure.*"

These historical analyses, illuminating though they are, leave two key questions unanswered. Is it really true, as Chandler suggests, that the invisible hand of the market has been replaced by the visible hand of management in large areas of the economy? What has been the effect of the creation of giant business firms on efficiency and welfare?

The extent to which even the largest companies are constraind by market pressures should not be underestimated. Moreover, some big companies have notoriously failed to achieve the expected cost advantages. As Oliver Williamson points out, internalisation should not be mistaken for a cost panacea. Giant corporations frequently lose their dominant positions to more *aggressive—and smaller—competitors.* United States Steel is one example.

Inertia

There are disadvantages associated with size not least the alienation of employees and bureucratic inertia. Leslie Hannah notes that the two countries with the most concentrated industrial structures and largest corporaions since World War II. Britain and the U.S., are those with the least impressive economic performance. They are also the countries where what Chandler describes as "the paraphernalia of professional management" — associations, journals and training programmes — are most highly developed.

Does the future belong to the giant bureaucracies or to smaller, more specialised and more entrepreneurial companies? It is possible that the era of the large, multi-divisional enterprise reached its peak in the 1950s and 1960s and now the trend is towards hiving off activities which had previously been "internalised." The preference may be for smaller enterprises in which managers and employees have *a more direct personal stake.*

Organisational innovation, which was so important to the success of firms like Du Pont in the 1920s and 1930s, will certainly be needed to meet the challenges of the next 50 years; managerial hierarchies may need to be simplified and even dismantled.

The key demands of corporate reporting

BY DAVID CAIRNS

Corporate Reporting: its future evolution. The Canadian Institute of Chartered Accountants, Toronto.

THIS MAJOR new research study from the Canadian Institute of Chartered Accountants places the needs of users as the paramount objective of financial reporting. It believes that published corporate financial reports should provide an accounting by management, to both equity and debt investors, in two respects. First, as management's exercise of its stewardship function, and secondly, its success (or otherwise) in achieving the goal of producing a satisfactory economic performance by the enterprise and maintaining it in a strong and healthy financial position.

Within this objective, the study recognises many of the conflicts which exist in meeting it. For example, there is the need to balance management's legitimate concern to ensure the company's interests are not jeopardised with the right (legal or otherwise) of those whose *lives are affected* by the corporation to receive financial information about its activities.

Similarly, the study contrasts the aim of reporting economic reality with an oft-expressed desire for objectivity or the need for independent experts, such as auditors, to verify the information provided. The authors of the research study conclude that it is necessary to define a list of criteria that can be used in judging whether the objectives and user needs are being met. This list may need to be weighted and published. The standard setting body should justify all existing and future standards in the light of these criteria. In addition, their critics — including commentators on exposure drafts — should be required to show how their remarks match these criteria.

Within the framework provided by these criteria and the prime objective of meeting users' needs, the authors believe in an evolutionary rather than a revolutionary approach to the development of financial reporting. They also seek general acceptance of accounting standards before they are enforced, for without *a consensus, any standard is* doomed. Nevertheless, the authors do not expect that this should be licence for the preparers to do what they wish.

It can be argued that if a list of criteria for financial reporting is identified and weighted and the needs of users are paramount, then there is little need *for the detailed accounting* standards with which we have become used. The research study itself rejects the rule book approach to standard setting which has become prevalent in North America and possibly to some extent in the UK. Nevertheless, it does suggest that there may be some value in "benchmark" measures which are totally objective (and presumably often unrealistic).

Ignoring this possible alternative, is the identification of a list of criteria a step in the right direction? Is it, in fact, all that is required? Unfortunately, the size of the accountancy profession plus the varying objectives of different managements, mean that even with such a framework there are many options still available, all of which are in some way acceptable.

Some of them arise from the existing perplexing conceptual issues, such as the allocation of costs and income between financial periods, the definition of income and various capital maintenance concepts, different valuation bases and the distinction between the proprietorship and entity concepts of financial reporting.

Many cannot be resolved other than by an agreement, which is essential if the users of financial statements are not to be confused by different answers given by companies.

This Canadian research study sets out a possible step, identifying the issues which need to *be resolved before agreement* can be reached. It is well worth careful consideration by all the standard setting bodies, all preparers, auditors and users of financial information if they hope that we can avoid some of the problems which have bedevilled accountancy in the past.

David Cairns is technical partner with Stoy Hayward and Co. chartered accountants.

Insight on small business

BY NICHOLAS LESLIE

The Real World of the Small Business Owner, by Richard Scase and Robert Goffee. Croom Helm, price £10.95.

Managing Your Business Guides: (1) Starting a Healthy Business; (2) Employees' Health and Safety: (3) Tax and VAT; (4) Selling: Importing and Exporting. Hamlyn Publishing, price £5 each title.

SMALL BUSINESSES "may provide jobs in the inner urban areas, cheap personal services and meet the sub-contracting needs of large enterprises, but they do not constitute a basis around which to redevelop the national economy."

This is one of the main conclusions reached by the authors of "The real world of the Small Business Owner," a book based upon interviews with a number of entrepreneurs—from the self-employed to the owner of a business with 1,000 employees and a £2Cm annual turnover, thus covering "the different stages of business growth."

Having made this assertion, however, Scase and Goffee do not convincingly justify it. They seem all too inclined to dismiss small companies from participating in the main thrust of economic revival, partly it *seems because they believe* small company owners are difficult to manage and, for example, because they are less inclined to promote social change.

In their researches, the authors say they found no evidence of there being an "entrepreneurial type." Indeed, many of the entrepreneurs they spoke to had become so, through "luck," or chance or some factor other than a consuming desire to create their own business.

They also found that, once in business, the creation of personal wealth was not a major objective of entrepreneurs. Nor had the tax system necessarily proved to be a disincentive — the reverse in some cases — and a shortage of funds was not always a barrier to growth. Often, expansion was deliberately avoided.

Some of the most interesting insights to the entrepreneurs come in direct quotations of their views — though taken in isolation they can give a distorted idea of what the independent businessman in general wants out of life.

While Scase and Gower's book is full of analysis, the Hamlyn series is full of advice and fact. The objective of the books is very different, being essentially to provide reference works into which the business owner can dip for advice and information on a whole variety of subjects.

As "guides" the books are unusual in presentation, being hard-backs rather than pamphlets or the soft-cover spiral-bound type more common in "how to . . ." publications. But at £5 each they seem good value.

WORLD STOCK MARKETS

Wall St. mixed at midsession

THERE WAS no clear trend on Wall Street yesterday morning as investors remained cautious despite bank forecasts of lower rates ahead.

The Dow Jones Industrial Average was jus t0.09 off at 954.35 at 1 pm, while the NYSE All Common Index shed 2 cents to $75.96 and rises and falls were about evenly matched. The trading pace slowed to 28.29m shares from Tuesday's 1 pm level of 35.81m.

Analysts said Wall Street suspects that the Federal Reserve may wish to tighten credit, especially if the money supply rises again this week. However, they believe it unlikely that the Fed would tighten ahead of the presidential election.

Exxon eased ½ to $78½ despite reporting higher third-quarter profits. Standard Oil (Indiana) lost $1 to $71½. Afire severely damaged an Amoco Chemicals plant in Wilmington, Delaware.

Precious metal shares rose, ASA adding $1 to $86½. Dome Mines ¾ to $119½ and Homestake 1½ to $82¾.

Volume leader Firestone Tire gained ½ to $9½. It was recommended by a brokerage house. Smithkline climbed 2¾ to $69½ on raising the dividend.

Massey-Ferguson slipped ¼ to $5¼. Late on Tuesday, the Canadian Government and the Canadian Imperial Bank of Commerce approved a financial rescue plan for the company.

THE AMERICAN SE Market Value Index hardened 0.85 to 362.54. Volume 3.85m shares.

Canada

Markets in Canada also presented a mixed appearance at mid-day after a large turnover. The Toronto Composite index eased 2.1 to 2,362.3 at noon, but Golds gained 41.8 to 5776.3 and Oil and Gas 20.3 to 5,073.4. In Montreal, Banks retreated 3.39 to 375.76.

Closing prices for North America were not available for this edition.

Hong Kong

After Tuesday's substantial fall on profit-taking, stock prices rebounded sharply yesterday in another heavy trade. The Hang Seng index, down 44.92 the previous day, forged ahead 57.39 to attain a new seven-year high of 1,451.82. Volume on the four exchanges came to HK$661.85m (HK$680.42m).

Brokers said the long-awaited correction on Tuesday to a series of recent rises provided the impetus for buy-back positions yesterday. The market may have risen further but for the possibility of higher interest rates being announced at this Saturday's Hong Kong Exchange Banks' Association interest rate sub-committee meeting.

Tokyo

Stocks mainly relinquished further ground on profit-taking and other liquidations in thin trading as many investors held off, discouraged by slowing purchases by foreign investors and the overnight fall on Wall Street. The Nikkei-Dow Jones Average declined 21.50 to 7,143.86 and the Tokyo SE index 2.00 to 495.12. Volume 230m shares (340m).

Recently favoured large-capital issues, high-priced Electricals, Electric Powers, Cameras and other Blue Chips weakened. Canon shed Y15 to Y715, Tokyo Electric Power Y12 to Y982, Pioneer Y70 to Y2,020, Toshiba Y7 to Y226, Honda Y10 to Y559, and Hitachi Y5 to Y337.

Mitsubishi Oil rose Y10 to Y413, however, on reports of its possible future participation in North Sea oil development.

Germany

Shares generally declined in what brokers said was nervous trading spurred by rumours. The Commerzbank index lost 4.3 at 722.3.

Bank shares came under pressure as speculation spread that major banks would all cut their dividends, market sources said. A German news agency report that the Straits of Hormuz had been effectively blocked to supertanker traffic by the Iranians added to the bearish trend.

Commerzbank fell DM 7.50, Deutsche Bank DM 2.10 and Dresdner Bank DM 4.50. Commerzbank has been mentioned in some financial Press commentary as the major bank most likely to suffer a dividend cut in 1980, but bank spokesmen have rejected such speculation as unfounded.

In Domestic Bond trading, prices dropped as the recent downtrend was accelerated by yield adjustments to the new Federal Bonds, which yield 8.4 per cent over 10 years at the offered price of 99.

Singapore

A further broad improvement occurred, with the Singapore Straits Times Industrial index rising 6.82 to a record 670.24.

Market analysts said investors, both locally and abroad, continued to demonstrate confidence in the Singapore and Malaysian economies by buying into a wide range of stocks, including both Minings and Industrials.

Buoyed by a favourable response to last week's Malaysian Budget, the market shrugged off the negative effects of sharply rising domestic interest rates. Banks in Singapore yesterday raised their prime lending rates by as much as ¾ of a percentage point.

Milan

Sharply higher price levels were recorded as the market resumed a strong upward trend after the pause of the previous day. The Banca Commerciale Italiana index climbed 3.44 to a 1980 high of 167.35.

Brokers estimated that more than 50 shares, for a value of more than L60bn, were traded, with the closing listing completed two hours after the normal closing time.

Issues of the Banking and Holding company sectors were the best performers, marked by a heavy volume of activity.

Paris

All trading was stopped for the day on the Paris Bourse following a bomb alert at 11.05 GMT yesterday. No quotations were therefore available for securities, foreign exchange or gold.

A Paris Stockbrokers' Association spokesman said a decision was taken to suspend trading while stepped-up security arrangements at the Bourse were being made following an anonymous warning yesterday that a bomb had been placed in the building. The Exchange was evacuated, but nothing was found. On Monday, police bomb-disposal experts defused a time-bomb containing five kilos of explosives found in the middle of the Exchange.

Australia

After the previous two days of hectic post-election trading, markt activity was much-reduced yesterday, but some bright features occurred, especially in the Oils sector.

Oil shale issue Esperance gained 50 cents to A$5.40 ahead of today's progress report from the Nagoorin deposit in North Queensland.

Santos led Oils with an 80 cents rise to a record A$16.10, while Woodside put on 8 cents to $3.43, and Hartogen 30 cents to A$6.20.

Western Mining rose 10 cents to A$6.26 on news of new gold finds in Western Australia and Victoria.

Johannesburg

Gold shares tended to harden in fairly active trading, although Hartebeestfontein receded R2.50 to R108.50 after quarterly results.

Antimony miner Consolidated Murchison shed 20 cents to R6.40 on quarterly figures.

NEW YORK

Indices

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

SWEDEN

GERMANY

AUSTRIA

BELGIUM/LUXEMBOURG

SWITZERLAND

HONG KONG

JAPAN

SINGAPORE

SOUTH AFRICA

BRAZIL

NEW YORK ACTIVE STOCKS

COMMODITIES AND AGRICULTURE

EEC regime torpedoes British lamb exports

BY RICHARD MOONEY

BRITISH LAMB exports slowed to a trickle this week as the new EEC regulations effectively closed off all markets inside and outside the Common Market with the exception of France.

Mr. Dick Cawthorne, managing director of North Devon Meat — a leading exporter — estimated his company's sales were down to a third of the normal level and said he thought other exporters' experience was similar. Normally export sales at this time of year would be around 700 tonnes a week.

"It's a right pig's ear of an arrangement," Mr. Cawthorne declared. "Britain was the world's fourth biggest lamb exporter and was pushing for third place. Now it must be down to about 99th."

There had been some sales to France, but nowhere near enough to make up for losses in other traditional markets like Belgium and West Germany.

Mr. Cawthorne blamed this on the regime's "clawback" arrangement which had forced the British export price to these countries up by about 30p a kilo. "We just can't sell it at this price," he complained.

He admitted that the total British export price of around 180p a kilo was comfortably below the French price of over 200p. But the French were still reluctant to buy British lamb which fetched a lower price at retail level. "Anyway, why should they buy British lamb when they can get Irish cheaper?"

The Irish have adopted a different price support system from Britain which means the farmer subsidy does not have to be clawed back. Their export prices are lower therefore.

John Cherrington writes: The UK sheep market has entered the new regime, in a state of utter confusion and chaos. To begin with, farmers have been holding back lambs in expectation of the higher guaranteed prices, so Monday's market entries were 50 per cent higher than the week before, and the price fell by 30p a kilo to 105p per kilo. The new guaranteed price is 164p per kilo and if the market is maintained at this price, for the rest of the week, the guarantee payable will be around 60p a kilo.

In addition, the Ministry of Agriculture has taken the opportunity to introduce new grading standards for weight and fatness, which led to an increasing number of lambs being rejected for reasons which farmers do not yet fully understand.

Buyers are also taking a very cautious view because the export trade which was supposed to take advantage of the new regime, is proving very difficult.

On the face of it, the French market looks to be most attractive, but it is understood that French buyers are taking a very hesitant line, claiming that they do not yet fully understand the new rules, and that there are still problems with the Customs.

In any case most exports recently had been to other member countries, chiefly Belgium and Germany and to third countries and traders say that the effect of the clawback on exports which is equivalent to the subsidy in the week of exportation, has been to close those markets completely for the time being. Last week it was possible to export lamb to such countries on a price equivalent to the British market price without any additions. Now these exports will be subject to as much as 60p a kilo clawback.

The rest of the UK meat trade is very apprehensive of a flood of lamb during the next few weeks, which will have the effect of forcing down prices of all meat, already broiler producers are in deep trouble.

Alcan strike threat boosts aluminium

By Our Commodities Staff

FEARS THAT workers at Alcan, the world's biggest aluminium exporter, may go on strike from Saturday encouraged keen buying on the London Metal Exchange yesterday. By the end of the day cash aluminium had risen £16 to £684 a tonne.

The buying followed reports that workers at the company's Kitimat, British Columbia, smelter had given their union leaders a mandate to call a strike in support of current wage negotiations.

More than 90 per cent of the workers at the 268,000 tonnes a year plant voted in favour.

Negotiations on a new two-year contract for the 1,850 employees were to resume later in the day. Apart from wages, the dispute covers benefits and holidays.

The existing contract expires at midnight tonight and the workers will be legally entitled to strike from Saturday morning, 72 hours after notifying the company of the result of the vote.

Copper prices were also strong on the LME yesterday though there were no new fundamental factors affecting the market. Dealers said speculative buying was the main reason for the rise which lifted cash copper wirebars £11.75 to £851.75 a tonne.

The rise in copper spilled over into lead where the cash position rose £13.5 to £368 a tonne. Dealers said the lead rise was exaggerated by speculators covering against earlier short sales.

Farm tenancy appeal

By Our Commodities Staff

A LANDOWNERS' leader yesterday called on Mr. Peter Walker, the UK Farm Minister, to step into the dispute between farmers and landlords over the farm tenancy system.

Mr. George Lillingston, president of the Country Landowners' Association, said in Essex that the system could collapse if nothing is done about an act passed in 1976 which gives rights of family succession to tenants. This can result in farms being tied up for up to three generations and has made owners extremely reluctant to let land.

RUSSIAN HARVEST SHORTFALL

A blow to world supplies

BY JOHN EDWARD, COMMODITIES EDITOR

THE LATEST cut in the Soviet Union's grain crop this year, to a lowly 180.9m tonnes, will put severe pressure on world supplies. Although it has become increasingly clear in recent weeks that the Russian harvest was going to be well below target, the extent of the setback is worse than expected. It is 55m tonnes below the Soviet planned output of 235m tonnes and only marginally above last year's disastrous crop of 179m tonnes.

Even more serious is the fact that last year the Soviet Union had a reasonable carryover of stocks from the bumper 1978 crop of 237m tonnes. This year its cupboard is bare; stocks have been exhausted by the poor 1979 crop and the cutback in imports as a result of the U.S. embargo on grain sales to Russia in protest over the invasion of Afghanistan.

Optimistic

The Soviet shortfall also comes at a time when supplies in the rest of the world are becoming tighter. Yesterday the International Wheat Council in its latest market report reduced its estimate of world wheat production by 6m tonnes to 444m tonnes and this includes a rather optimistic figure of 100m tonnes for the Soviet Union in view of the latest news from Russia.

It does take into account, however, a big shortfall in the Australian wheat crop to 9.6m tonnes against 16m tonnes last year and a record 18.1m in 1978. In fact, even with the latest reduction this year's world wheat crop is above 1979 production of 426m tonnes, following increased harvests in Western Europe (up from 60m to 69m tonnes) and the U.S. (up from 58.3m to 64.1m tonnes).

Nevertheless a sharp cut in world wheat stocks to the lowest level for 30 years is predicted because of substantially increased imports mainly by China and the Soviet Union.

The International Wheat Council estimates that carryover wheat stocks in the five main exporting countries—Argentina, Australia, Canada and the U.S. — will fall to by nearly 4m tonnes to 41.8m tonnes at the end of the 1980/81 season. But the U.S. Department of Agriculture last week forecast that by next June total world wheat stocks would fall to 72m tonnes—7m tonnes down on June 1980.

However, while the wheat situation is deteriorating badly, the Soviet Union is more concerned with coarse grains (maize, barley and sorghum) which it needs to feed its livestock population.

GRAIN FOR DELIVERY TO USSR
To September 1981
(known and/or potentially committed)

Supplying country	Wheat	Coarse grains	Total (m. tonnes)
Argentina	—	4.0	4.0
Australia	2.5	1.4	3.9
Canada	1.5	—	1.5
U.S.	3.0	5.0	8.0

Source: International Wheat Council

Here the picture is much bleaker. The Russians can probably just about get by on wheat with their domestic production supplemented by relatively small imports to feed its human population. But it is much more dependent on imports for its coarse grain supplies.

Coarse grain output in the U.S., by far the largest producer in the world, is forecast to fall sharply this year as a result of the drought this summer. This had little impact on wheat but hit the maize (corn) and sorghum crops badly.

The latest estimate puts U.S. production this year at 192.4m tonnes against the record 233.9m tonnes last year. Its soyabean crop is also predicted to fall from 61.7m to 47.8m tonnes.

As a result world coarse grain production in 1980 is expected to fall by one per cent to 715m tonnes, although this figure must now be adjusted significantly downwards since the U.S. Department of Agriculture estimates are based, for some reason, on a predicted Soviet grain crop of 205m tonnes.

With world use expected to rise to 746m tonnes, coarse grain stocks are falling substantially to the lowest level for over five years. Total wheat and coarse grains are forecast to drop to 155m tonnes by June 1981 compared with 193m tonnes at the beginning of the season.

Forage

This substantial decline is based on a Soviet crop estimate of 205m tonnes, and reduced demand for feed grains from Russia as a result of the cutback in the Soviet livestock herds and improved forage supplies.

It is difficult to see where the Soviet Union will be able to obtain increased imports to make up for its much worse than expected domestic crop shortfall. Ideally it needs to buy something like 50m tonnes, but there is simply not that size of supplies available in the world markets even if the U.S. does lift its sales embargo.

World sugar estimates reduced

BY OUR COMMODITIES STAFF

WORLD SUGAR production estimates were reduced by two influential forecasters yesterday.

West German sugar statistician F. O. Licht cut his 1980-81 crop projection to 87.04m tonnes from the 88.89m tonnes he forecast in June and leading French trade house, Sucres et Denrées, put the crop even lower at 86.6m tonnes. Last season the world sugar crop totalled 84m tonnes.

The reduced figures brought only a muted reaction on the world market, however. In London March delivery futures climbed £6 to £431.50 a tonne at one stage but this mainly reflected overnight rumours of further Russian buying.

By the end of the day prices had subsided and the March position closed only £2.475 up on balance at £427.60 a tonne.

Licht put EEC production at 12.57m tonnes compared with 12.95m last year but other major crops were expected to be higher. The USSR's was put at 7.6m tonnes (7.5m last year), Mexico's at 2.79m (2.78m), and Brazil's at 8.3m (7.02m). Licht said Indian and Thai production were also expected to be up on 1979-80.

In Bonn, meanwhile, the ZMP agricultural bulletin said West German sugar production was expected to fall to 2.7m tonnes in 1980-81 from 2.84m last year. But this represented a rise from the bulletin's earlier estimate of 2.55m tonnes. September weather had aided beet growth, it said.

The Australian sugar cane crush is progressing normally, Mr. Norm Dillman, general secretary of the Australian Sugar Producers' Association, said in Brisbane. But he warned that an early start to the wet season in far north Queensland could cause problems.

With normal seasonal conditions the 23.56m tonnes of cane harvested should yield 3.25m tonnes of raw sugar. So far 18.56m tonnes had been crushed compared with 19.35m at the same stage last year.

The decline in EEC sugar export authorisations was reversed at yesterday's weekly tender in Brussels. The Commission granted licences covering 64,250 tonnes of white sugar compared with 57,050 tonnes last week. It set the minimum export levy at 20.641 European currency units, slightly up from last week's 19.925 ECUs.

The Commission once again failed to issue any licences covering raw sugar but it set a minimum levy of 24.87 ECUs.

U.S. clears way for rubber pact

BY BRIJ KHINDARIA IN GENEVA

THE U.S. government has completed its procedure for ratifying the world's first agreement on natural rubber, clearing the way for the pact come into force provisionally in the next few days. Its governing council is likely to hold a first meeting in Geneva next month.

Washington expects to notify the United Nations' headquarters in New York by the end of this week.

The U.S. approval raises the percentage of ratifications by consumers above the 65 per cent needed to bring the agreement into force provisionally. The U.S. alone accounts for nearly 25 per cent of world rubber imports. Other countries buying about 47 per cent of total imports have already notified New York of their final approval.

The world's largest producers, Malaysia and Indonesia which together provide about 75 per cent of the world's rubber, have also completed ratification. As a result, the International Rubber Council is expected to meet here from November 17 to 21.

However, the U.S. ratification is being treated only as a provisional one because the Senate has still to approve the U.S. payment into the agreement budget to finance buffer stocks over a five-year period.

Congress has approved the full $88m, but the Senate cut it to only $45m. Resolution of the differences will have to await the November 4 elections and resumption of both House sessions in mid-November.

During provisional application, the U.S. will pay only administrative costs. Full ratification of the agreement will occur when countries accounting for at least 80 per cent of exports and imports give their final stamp of approval.

The Council will then be enabled to spend about $450m in contribution to build up a maximum buffer stock of 550,000 tonnes. Rubber will be sold from the stock to keep prices from rising above an agreed ceiling and will be bought to prevent prices from falling through an agreed floor.

The Council's inaugural session will deal mainly with procedures. No decisions are expected about stock management or senior staff appointments. The choice of the Council's headquarters — either Kuala Lumpur or London — will also be made later.

Lower Italian paddy rice crop forecast

ROME — This year's production of Italian paddy rice will total around 970,000 tonnes, some 70,000 tonnes lower than in 1979, according to the Agricultural Market Research Institute, IRVAM. the drop is due mainly to contraction of the area planted to paddy from 180,000 hectares last year to 175,000 hectares in 1980. Reuter.

Very low Swiss wine harvest

THE SWISS wine harvest is this year expected to be the smallest since 1958. According to the growers' association, cool and wet weather in June and July meant that the 1980 crop will be only 62 per cent of the average for the past 10 years.

BRITISH COMMODITY PRICES

BASE METALS

COPPER—A little firmer on the London Metal Exchange after a quiet day's trading. Forward metal opened weaker at £876 in the pre-market, and then surged to £883 on large speculative buying. A slight decline later in the day saw the metal close on the late Kerb at £879.5. Turnover: 38,325 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £845, 44, 43. Three months £876, 78.5, 78, 74, 74.5, 74. Cathodes: Cash £810, three months £841. Kerb: Wirebars, three months £872, 72.5, 73, 74, 73.5, 74. Afternoon: Wirebars, three months £878, 79, 78, 80, 81, 80, 80.5, 81, 81.5, 82, 83. Kerb: Wirebars, three months £881, 80, 79, 79.5, 80.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	842.5-3	+5.25	851.5-2	+11.7
3 months	873-4	+6.25	882.5-3	+13
Settlem't	843	+5	—	
Cathodes				
Cash	809-10	+1.75	819-21	+10.5
3 months	840-1	+1	851-2	+10.5
Settlem't	810	+2	—	......
U.S. Prod		......	*93.5-102	......

TIN—Gained ground in active trading. After opening stronger at £6,960 in the pre-market, forward metal drifted down through £6,950 and remained at that level for most of the day, with good volume. The previous day's Backwardation of £15 moved through a stage of being level cash to three months, and then a Contango of about £50 appeared. The close on the late Kerb was £6,945. Turnover: 1,190 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6940-50	+82.5	6885-905	—50
3 months	6950-20	+35	6945-55	+82.5
Settlem't	6950	+35	—	......
Standard				
Cash	6940-50	+82.5	6885-905	—50
3 months	6950-5	+35	6945-55	+82.5
Settlem't	6950	+35	—	......
Straits, E.	$2115	+28	—	......
New York	—	......		

Morning: Standard cash £6,970, 60, three months £6,965, 50. Kerb: Standard three months £6,950. Afternoon: Standard three months £6,950. Kerb: Standard cash £6,900, three months £6,950, 40, 45.

LEAD—Stronger in more active trading conditions. After opening at £374, forward metal traded up to £379 and then advanced further to £384 in heavy buying before drifting off a little on the Kerb to close at £382. Turnover: 22,880 tonnes.

Morning: Cash £363, 62, 61, 61.25, 61.5, three months £377, 78, 79, 78.5, 78, 77. Kerb: Three months £376.5, 77, 77.5, 78. Afternoon: Cash £364, three months £379, 80, 81, 82, 83, 84, 83, 83.5, 83. Kerb: Three months £382, 82.5, 82, 81.5, 82, 81.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	361.5-2	+5.25	367-9	+15.5
3 months	376.5-7.5	+5.75	383-.5	+14.7
S'ment	362	+5	—	......
U.S. Spot	—	......	*42-45	......

ZINC—Held steady in quiet trading Forward metal traded between £341 and £344 all day, closing on the late Kerb a little below the best at £343. Turnover: 5,400 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficl'	+ or —
	£	£	£	£
Cash	329.5-30	+3.5	331-2	+2
3 months	341-2	+4.25	343-.5	+2.5
S'ment	330	+3.5	—	......
Primw'ts	—	......	*37.5-37.75	—

Morning: Cash £329.5, three months £343, 42, 41, 41.5, 42. Kerb: Three months £341.5. Afternoon: Three months £342, 43. Kerb: Three months £343.

ALUMINIUM—Higher on balance after a day unsettled by possible industrial disputes at Alcan. After opening at £698, forward metal reached a high of £710 before coming back sharply on the Kerb to close at £702. Turnover: 9,750 tonnes.

Alumin'm	a.m. Official	† + or —	p.m. Unofficl'l	† + or —
	£	£	£	£
Spot	671.5-2	+3.75	683-5	+16
3 months	700-.5	+5.25	710-11	+15.5

Morning: Cash £673.5, 72, three months £701, 700, 700.5, 700. Kerb: Three months £700, 01. Afternoon: Cash £678, three months £703, 4, 6, 7, 8, 9, 8, 9.5, 10. Kerb: Three months £707, 6, 5, 3, 2.

NICKEL—Slightly weaker after a quiet day. The trading range was between £2,805 and £2,813, and forward metal closed at the day's low of £2,805. Turnover: 186 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficl'	+ or —
Spot	2770-5	+10	2755-65	—4
3 months	2810-5	+7.5	2802-5	—4

Morning: Cash £2,770, three months £2,813, 14. Kerb: Three months £2,812. Afternoon: Three months £2,810, 08, 05.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 10.25p an ounce higher for spot delivery in the London bullion market yesterday at 816.25p. U.S. equivalent of the fixing levels were: spot 519.9, up 21c; three-month $20.548, up 18.6c; six-month $21.258, up 19.6c; and 12-month $22.49, up 7.4c. The metal opened at 816p-825p ($19.9-20.1) and closed at 821-830p ($20.0-20.20).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unofficl'l	+ or —
Spot	816.25p	+10.2	820.5p	+22.5
3 months	848.75p	+8.55	852.75p	+22.2
6 months	879.05p	+8.25	—	......
12months	931.65p	+4.35	—	......

LME—Turnover 143 (262) lots of 10,000 ozs. Morning: Three months 849, 50, 49.5, 52, 53, 54, 55, 54. Kerbs: Three months 852, 51, 52. Afternoon: Three months 852, 55, 54. Kerbs: Three months 854, 54.5, 55, 56.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business, sales). Australian cents per pound. Oct. 442.0, 448.0, 443.0-439.5, 32; Dec. 467.5, 468.0, 457.0-464.5, 117; March 491.0, 492.0, 493.0-492.0, 91; May 503.0, 504.0, 504.5-502.0, 104; July 512.0, 514.0, 513.5-512.0, 49; Oct. 510.0, 512.0, 512.0-511.0, 9; Dec. 513.0, 513.5, 514.5-513.0, 17; March 518.0, 519.5, untraded. Sales: 419.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business, sales). New Zealand cents per kilo. Oct. 350, 365, nil, nil; Dec. 351, 355, 355-354, 4; Jan. 354, 356, nil, nil; March 360, 362, 362, 2; May 362, 363, 365-363, 20; Aug. 366, 368, 371-367, 12; Oct. 370, 372, nil, nil; Dec. 375, 377, 377, 2; Jan. 376, 379, 377, 2; March 377, 380, 380-378, 8. Sales: 50.

COCOA

Cocoa futures remained steady throughout the day trading within a narrow £9 range in thin volume. Physical business was scarce with light offerings from Brazil and West Africa being matched by consumer and trade interest, reports Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
Dec	961-962	+1.0	967-958
March	1000-01	+1.0	1005-998
May	1018-19	......	1026-16
July	1037-39	—0.50	1046-36
Sept	1057-51	—1.0	1050
Dec	1080-83	—1.0	—
March	1101-08	—1.50	—

Sales: 1,262 (1,907) lots of 10 tonnes.

ICO Futures—Daily price for Oct. 21: 105.19 (104.74); 10-day average 105.32 (105.28): 15-day average 105.26 (105.22).

COFFEE

Robustas opened £10-£15 down but over the course of another quiet session found trade and commission house support to return to unchanged levels by lunch, reports Drexel Burnham Lambert. The afternoon saw early buying from one quarter but in thin volume was unable to maintain the rally and eased again at the close to finish in mid-range.

COFFEE	yesterday's Close £ per tonne	+ or —	Business Done
Nov	1055-56	—7.0	1060-44
January	1078-80	—8.0	1095-71
March	1051-53	—4.0	1065-46
May	1050-55	—3.0	1065-50
July	1060-64	—3.0	1070-58
Sept	1065-70	—2.5	1070-60
Nov	1060-90	+5.0	—

Sales: 2,377 (2,931) lots of 5 tonnes.

ICO Indicator prices for Oct. 21 (U.S. cents per pound). Other Mild Arabicas 128.00 (128.67). Robustas ICA 1976 125.75 (127.50). ICA 1968 126.00 (127.75). Unwashed Arabicas 210.00 (same). Comp. daily ICA 1968 158.33 (163.61).

GRAINS

LONDON GRAIN FUTURES—Old crops opened steady, 30p higher on wheat and 20p higher on barley, sellers soon halted any further rally and values quickly eased back to unchanged. Continued selling pressure was seen on the nearbys and a good volume was traded in the afternoon session mainly on wheat/barley spreads. New crops remained steady and gained 10p on the day, reports Acli.

M'nth	WHEAT Yesterday close	+ or —	BARLEY Yesterday close	+ or —
Nov	95.35	—0.15	91.50	—0.25
Jan	99.85	—0.15	96.10	—0.30
Mar	103.75	—0.15	99.95	—0.20
May	107.85	—0.15	103.75	—0.15
July	111.90	—0.05	—	
Sept	99.00	+0.18	94.70	+0.10

Business done—Wheat: Nov. 95.75-95.30, Jan. 100.30-99.75, March 104.20-103.70, May 108.30-107.80, July 111.90-111.85, Sept. no trade. Sales: 543 lots of 100 tonnes. Barley: Nov. 91.85-91.50, Jan. 96.50-96.10, March 100.35-99.95, May 104.00-103.75, July no trade, Sept. 94.60-94.60. Sales: 551 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2 14 per cent, Oct. 98.75, Nov. 101, Dec. 103.50 transhipment East Coast. U.S. Hard Winter 13½ per cent, Oct. 101, Dec. 102 transhipment East Coast. English Feed fob Nov. 101.50, Jan.-March 108.50 sellers. Maize: French first-half Nov. 119, second-half Nov. 119.50. S. African Yellow Nov.-Dec. 88.50. Barley: English Feed fob Nov. 97.50, Dec. 99.00, Jan. 101.50 sellers East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley Eastern 89.80, E. Midlands 89.50, N. East 89.60, Scotland 85.70. Milling wheat: E. Midlands 98.40, N. East 99.30. The UK Monetary Coefficient for the week beginning Monday, October 27, is expected to change to 0.919.

RUBBER

The London physical market opened quiet, ruled quietly steady throughout the day, closing on a dull note. Lewis and Peat reported a fob November price for No. 1 RSS in Kuala Lumpur of 300.5 (302.25) cents a kilo and SMR at 248.5 (250).

No. 1 R.S.S.	Yest'day Close	Previous Close	Business Done
Nov	60.50-61.05	59.50-60.80	61.00
Dec	61.60-62.10	61.70-62.00	61.90-61.80
Jan-Mar	64.10-64.20	64.20-64.30	64.70-64.09
Apr-Jne	68.10-68.20	68.10-68.20	68.60-68.00
Jly-Sept	71.20-71.50	71.30-71.40	71.70-71.20
Oct-Dec	74.20-74.30	74.30-74.40	74.70-74.10
Jan-Mar	77.10-77.50	77.20-77.50	77.58
Apl-Jne	80.08-80.20	79.90-80.10	—
Jly-Sept	82.90-83.10	82.80-82.90	—

Sales: 253 (686) at 15 tonnes, 6 (2) at 5 tonnes.

Physical closing prices (buyer) were: Spot 59.50p (same): Nov. 62.25p (same); Dec. 63.25p (same).

SOYABEAN MEAL

The London market opened £2.00 higher, finding strength on trade buying and the further reduction of Soviet crops adding to market firmness, reports T. G. Roddick. Prices held steady throughout the session on common house support and continued trade short covering to close with gains of £4-£5.

	Yest'rday Close £ per tonne	+ or —	Business Done
October	—	......	—
December	153.00-53.2	+4.8	153.10-50.50
February	145.20-45.5	+4.95	145.20-50.10
April	148.70-48.8	+4.85	148.80-42.50
June	145.90-46.0	+4.80	145.50-44.00
August	144.20-44.8	+3.65	144.50-43.80
October	134.10-34.5	+2.05	134.80-32.00

Sales: 548 (151) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £390.00 (£400.00) a tonne cif for Oct.-Nov.-Dec. shipments. White sugar daily price was £389.00 (392.00).

The market opened some £2 above kerb levels. Later losses of around £7 occurred before shortcovering developed and all of the losses were recovered. However, the market began to ease again at the close, reports C. Czarnikow.

No. 4 Contract	Yest'rdays Close £ per tonne	Previous Close	Business Done
Jan	419.00-20.00	418.00-17.00	418.00-15.00
Mch	427.50-27.70	425.00-25.25	431.50-23.50
May	423.50-23.75	420.00-20.05	428.50-18.50
Aug	396.50-96.70	390.50-91.20	398.00-90.00
Oct	360.50-60.75	354.50-56.00	362.00-55.00
Jan	327.00-28.00	322.00-25.00	328.00-22.00
March	318.00-18.25	306.00-10.00	318.00-10.00

Sales: 8,414 (15,901) lots of 50 tonnes.

NUMBER 2 CONTRACT—Close (in order buyer, seller, business, sales). Oct. 385.00, 390.00, nil, nil. Sales: 0 (105).

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.6 (same) a tonne for home trade and £494.0 (£506.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for Oct. 21. Daily price 42.07 (41.71). 15-day average 40.75 (40.42).

POTATOES

LONDON POTATO FUTURES—Prices eased slightly on opening, but speculative buying was attracted and values moved up to 60p higher by the close, reports Coley and Harper. Closing prices: Nov. 43.00 —20 (high 43.00, low 42.50): Feb. 54.80 +60 (high 54.70, low 54.00); April 64.60B +40 (high 64.80, low 64.10). Turnover: 48 (28) lots of 40 tonnes.

PRICE CHANGES

In tonnes unless otherwise stated.

	Oct. 22 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1655/1685	......	$1660/80
Copper			
Cash w'bar	£851.75	+11.75	£897
3 mths	£882.75	+13	£936.5
Cash Cathode	£820	+10.5	£869
3 mths	£851.5	+10.5	£897.5
Gold troy oz	$659.5	+7	$708.5
Lead Cash	£368	+13.5	£367
3 mnths	£383.25	+14.75	£383.5
Nickel	£3,168	......	£3,205.0
Freemkt	290/315c	......	290/315c
Platin'mtr'y oz	£302	......	£302
Free mkt	£277	+4.45	£302.25
Quicksilver†	$400/410	—10	$415/425
Silver troy oz	816.25p	+10.25	978.50p
3 mths	848.75p	+8.55	1015.80p
Tin Cash	£6,895	—50	£7,240
3 mths	£6,950	+32.5	£7,325.5
Tungsten22.04lb	$148.21	......	$145.76
Wolfrm 22.04 lb	$147/150	......	$151/154
Zinc cash	£331.5	+2	£341.5
3 months	£343.25	+2.5	£352.75
Producers	$823	......	$780
Oils			
Coconut (Phil)	$580r	......	$509
Groundnut	‡	......	‡
Linseed Crude	£388	......	£380
Palm Malayan	$517.5z	+10	$520
Seeds			
Copra Philip	$365x	+5	‡
Soyabean (U.S.)	$348y	+8	$349
Grains			
Barley Futures	£96.10	—0.30	£97.50
Maize			
French No3AM	‡	......	£122
Wheat			
No.1 Red Spg.	‡	......	‡
No2HardWint	£101	......	£97.80
Eng. Milling†	‡	......	‡
Other commodities			
Cocoa ship't	£1,042	+1	£1,080
Future Mar.	£1,000.5	+1	£1,016
CoffeeFt Jan.	£1,079	—8	£1,047
Cotton A.Index	98.85c	+0.5	99.70c
Rubber (kilo)	59.50p	......	63.25p
Sugar (Raw)	£390	—10	£356
Woolt'ps 64s kl.	384p kilo	......	381p kilo

‡ Unquoted. y Dec.-Jan. x Dec. r Nov.-Dec. v Nov. w Oct.-Nov. z Indicator. § Buyer. † Per 76-lb flask. * Nominal.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 234 tonnes, bringing the total for the week so far to 1,276 tonnes. Further useful support came in a number of varieties and business was brisker than of late. Most of the interest displayed was in South American growths, with additional operations in African qualities.

*

HIDES—Leeds: market firmer. Second clears: Ox 31-35.5 kilos 33.5p a kilo (30p a kilo); 26-30.5 kilos 38.3p (34.6p): 22-25.5 kilos 47.6 (42.5p); Light cows 37p (35.5p).

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef Scottish killed sides 59.7 to 64.5; Eire hindquarters 68.3 to 71.6, forequarters 44.3 to 46.0. Veal: Dutch hinds and ends 96.0 to 102.0. Lamb: English small 51.5 to 57.0, medium 49.0 to 53.7, heavy 46.0 to 49.0: Scottish medium 40.0 to 57.0, heavy 46.0 to 52.0: imported frozen—NZ PL 54.0 to 56.0, PM 47.0 to 49.0. Pork: English, under 100 lb 40.0 to 50.0, 100-120 lb 42.0 to 49.0, 120-160 lb 42.0 to 46.0. Grouse: Young best (each) 220.0 to 260.0.

MEAT COMMISSION—Average fatstock prices at representative markets on October 22. GB cattle 68.79p per kg lw (−0.64). UK sheep 103.97p per kg est dcw (−18.83). GB pigs 71.59p per kg lw (+1.02).

COVENT GARDEN—Prices in sterling per package, except where otherwise stated. Imported Produce: Oranges—Outspan Valencia Lates 48 5.40, 56 5.75, 72 5.85, 88 4.65, 112 4.70, 138 4.55, 150 4.40: Brazilian: 72/138 4.20-4.50. Lemons—Spania: trays 25/45 2.80-3.00: Outspan: boxes 5.50-7.00: Turkish: 15 kg 4.30-4.50: Cypriot: 5 kilos 35/40/45 3.00. Grapefruit—Honduras: 36/48 5.00-5.50; Cypriot: 36/42/48/54 5.20-5.50: Cuban: 4.20-4.50: Jaffa: 15 kg 36 5.35, 42 5.25, 48 4.90, 60 4.60, 70 4.30: Dominican: 4.00-5.20. Satsumas—Spania 210/195/189 3.30-3.60, 168 3.60-4.00, 154 3.50-3.80: 144 4.00-4.30, 128 3.80-4.10, 105 4.80. Apples—French: Starkcrimson large boxes 4.50, Golden Delicious approx. 20 lb, 72 1.70-2.10, 84 1.50-1.80: 40 lb 125/283 3.50-4.00, Granny Smith 20 lb 72 2.15, 84 1.60-1.80: Greek: Starking 150 5.50; Dutch: Cox's Orange Pippins per pound 0.09; Belgian: Golden Delicious 65/70 28 lb 2.52. Pears—Italian: per pound Williams 0.13-0.17, Beurre Hardy 0.12, Passacrassana 0.13-0.14; Dutch: Conference 0.11-0.12. Plums—Italian: boxes, Stanleys per pound 0.11. Grapes — Italian: Regina per pack 1.50, Italia 2.00-2.30; Spanish: Almeria 2.00-2.20. Black 2.20-2.40; French: Alphonse 15 lb 2.80. Pomegranates—Spanish: 40/60 2.40-3.00. Melons—Spanish: Yellow 10 kg 3.00-4.00, Green 7/11s 2.30-2.60. Tomatoes—Jersey: 1.60-1.80; Dutch: 2.50; Spanish: 2.00-2.80. Onions—Spanish: 4.00-4.20; Dutch: Picklers 3.00, 10 kg 1.40. Cabbages—Dutch: White 2.80-3.00. Cucumbers—Dutch: 12s 2.60; Canary: 10/14s 1.80-2.00; Almeria: 1.60; Greek: 1.80. Chicory: Belgian: per box 3.20. Nuts—Brazils per pound, large washed 0.30, medium 0.25; Walnuts, Chinese, 30mm 55 lb, per pound 0.32; Almonds, large hard 0.38, medium 0.35, Ibiza 0.46, Pecan nuts 0.65; Filberts, Sicilian 19mm 0.45; mixed nuts 0.30.

English Produce: Potatoes—per bag, new 1.30-1.50, Mushrooms—per pound 0.60-0.70. Apples—per pound Bramleys 0.05-0.10, Derby 0.05, Spartans 0.10-0.14, Worcester Pearmain 0.08-0.12; Cox's Orange Pippins 0.10-0.18, Russets 0.10-0.15. Pears—per pound Conference 0.09-0.12, Comice 0.13-0.15. Plums—per 12 lb Wyedales 1.50. Cabbages—per bag 1.40, White cabbages 2.40. Cauliflowers—per 12 2.60-3.10. Beetroots—per bag 1.00-1.20. Cucumbers—trays 10/20 1.60-2.20. Tomatoes—per 12 lb 1.40-1.80. Lettuces—per 12 round 1.20, Cos 1.30. Sprouts—per pound 0.08-0.10. Corn cobs—each 0.06-0.08. Carrots—per 28 lb 1.00-1.20. Onions—per bag 2.80-3.20. Picklers 3.00. Celery—per pack 20/30 3.00. naked 12/14 1.40. Capsicums—per pound 0.16. Swedes—per 28 lb Devon 0.80. Cobnuts—per pound 0.35-0.38.

*

GRIMSBY FISH—Supply moderate, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £6.00-£8.30, codlings £4.20-£5.00. Large haddock £5.00. Small haddock £2.60-£3.50. Best small plaice £3.00-£3.60. Skinned dogfish (large) £10.50-£11.50, medium £10.00-£10.50. Lemon soles (large) £12.00, medium £9.00. Rockfish £4.00-£4.80. Reds £3.00.

AMERICAN MARKETS

NEW YORK, October 22.

PRECIOUS METALS sold off late in the day on a declaration from Iran that the hostages might be released shortly if the U.S. accepts conditions laid down by the Parliament. Copper sold off in sympathy. Reports of even more serious Soviet crop failures rallied the grains, soyabeans and soya products to new contract highs. Sugar sold off after a lack of follow-through to the Soviet crop news. Coffe was lower on dealer and producer selling. Cocoa was featureless. Cotton rallied on reports of quality problems with the Mississippi Delta crop. The livestock complex was higher, reported Heinold.

Potatoes (round whites)—Nov. 97.0 (96.8), March 135.8 (135.0), April 155.7-157.6. Sales: 2,831.

Tin—779.0-783.0. (778.0-785.0).

CHICAGO, October 22.

Lard—Chicago loose 23.00 (23.50). New York prime steam unavailable.

Live Cattle—Dec. 71.77-71.87 (71.07), Jan. 72.90, Feb. 74.02-74.00, April 75.80-75.75, June 76.60-76.55, Aug. 75.70, Oct. 74.50, Dec. 75.50.

Live Hogs—Dec. 53.35-53.45 (52.25). Feb. 57.00-56.85 (55.82), April 56.10-55.95, June 58.80-58.90, July 59.25-59.42, Aug. 58.45, Oct. 56.35, Dec. 57.50.

‡‡Maize—Dec. 369¾-368¼ (361½). March 380½-380 (373¾), May 385¾-385½, July 385-385¼, Sept. 373, Dec. 359½.

Pork Bellies — Feb. 73.32 (71.32). March 73.27 (71.27), May 74.97, July 78.15, Aug. 75.12-75.00.

Silver—Oct. 1949.0 (1985.0), Nov. 1951.0 (1990.0), Dec. 1976.0, Feb. 2027.0, April 2078.0, June 2129.0, Aug. 2180.0, Oct. —, Dec. 2282.0, Feb. 2333.0, April 2384.0, June 2435.0, Aug. 2485.0, Oct. —, Nov. —, April —.

†Soyabeans—Nov. 898-895 (872). Jan. 924-921 (898), March 948-952, May 971-969, July 978-977, Aug. 960-962, Sept. 886-884, Nov. 838-838½.

†Wheat—Dec. 541-540 (529¾). March 561½-562½ (550½), May 565-566, July 545-545½, Sept. 553, Dec. 568.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

EUROPEAN MARKETS

ROTTERDAM, October 22.

Wheat—U.S. Two Dark Hard Winter 13.5 per cent Nov. $224.50, Dec. $226.50, Jan. $236, Feb. $238. U.S. No. Two Red Winter Oct. $225, Nov. $224, Dec. $228. U.S. No. Two Northern Spring 14 per cent Oct. $218.50, Nov. $222, Dec. $228, Jan. $244.

Maize—Afl. $157.50, Oct. $159, Nov. $164, Dec. $169, Jan./March $177.75, April/June $181, July/Sept. $179, Oct./Dec. $178 sellers, Nov. $163.35, Dec. $168/168.25 traded.

Soyabeans—U.S. Two Yellow Gulfports Feb. $370.50 traded. No seller prices available.

Soyameal—44 per cent protein U.S. Afl. $305, Oct. $305-$313, Nov. $310-$312, Nov./March $323 traded. Brazil Pellets Afl. $315, Oct. $315, mid-Oct./mid-Nov. $318-$321, Nov. $324 traded.

PARIS, October 22.

Cocoa (FFr per 100 kilos)—Dec. 980-988, March 1,015-1,025, May 1,035-1,045, July 1,045, Sept. 1,075-1,095, Dec. 1,120-1,140. Sales at call 0.

Sugar (FFr per 100 kilos)—Dec. 4,180-4,199, March 4,334-4,335, May 4,355-4,365, July 4,220-4,300, Aug. 4,220-4,260, Oct. 3,900-3,960, Nov. unquoted, Dec. 3,800-3,900. Sales at call 18.

INDICES

FINANCIAL TIMES

Oct. 21	Oct. 20	Mnth ago	Year ago
275.70	275.40	282.88	294.27

(Base: July 1, 1952=100).

MOODY'S

Oct. 21	Oct. 20	M'nth ago	Year ago
1325.4	1318.5	1347.5	1149.9

(December 31, 1931=100)

DOW JONES

Dow Jones	Oct. 21	Oct. 20	Month ago	Year ago
Spot	483.79	479.10	467.71	403.37
F'tur s	502.10	498.40	482.26	410.43

(Average 1924-25-26=100)

REUTERS

Oct. 22	Oct. 21	M'nth ago	Year ago
1748.2	1745.5	1764.2	1654.5

(Base September 18, 1931=100)

LONDON STOCK EXCHANGE

Overseas funds again flow into Gilt-edged securities
Equities advance too led by Electricals and Oils

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Oct. 13	Oct. 23	Oct. 24	Nov. 3
Oct. 27	Nov. 6	Nov. 7	Nov. 17
Nov. 10	Nov. 20	Nov. 21	Dec. 1

* "New time" dealings may take place from 9 am two business days earlier.

London stock markets continued to advance yesterday, still hoping for an early reduction in interest rates and ignoring adverse influences related to the bleak industrial scene and troubled Middle East. Government securities were possibly the stronger of the two main investment sectors, sterling's strength drawing fresh overseas funds which led to revived domestic interest.

Most attention was again directed towards longer-dated Gilts, and selected low-coupon stocks achieved gains extending to ¾ helped by Continental and Middle Eastern buying. Demand also embraced medium-dated issues and the Government broker was able for the first time to sell supplies of the new £30-paid medium tap stock, Exchequer 11¾ per cent 1988, at 30⅛. Discount House selling checked the rise in the shorts and final movements here were marginal.

Once again, investment activity in equities centred on the Electrical and Oil sectors. Fresh institutional buying of Electricals found the market none too well supplied with stock and GEC set the pace with a jump of 15 to 555p. Increased talk of higher crude oil prices renewed enthusiasm for both major and speculative oils and here, too, gains were widespread and substantial.

Uncertain recently awaiting the interim results, Hawker Siddeley rebounded on profits better than most market expectations. The ensuing rise of 12 to 234p in Hawker together with gains ranging from 8 to 15 in Plessey, British Petroleum and GEC assisted the FT 30-share index which closed showing a fresh advance of 4.7 at 488.7. The FT-Actuaries All-share index pierced the 300-mark for the first time ever, ending 1.3 per cent higher at 303.17.

Among Canadians, Hawker Siddeley Canada were unchanged at 890p: the price in yesterday's issue was incorrect.

An active trade in the expiring October series boosted total contracts in Traded options to 3,498, the highest for 19 months. BP attracted 605 deals, while Land Securities and Lonrho recorded 368 and 409 trades respectively.

Sun Life jump

Sun Life jumped 14 to 242p, after 244p, on talk that the Kuwait Investment Office had sold its 9.59 per cent stake in the company to a single buyer. Among Composite Insurances, Eagle Star added 5 to 267p and Guardian Royal Exchange 6 to 348p, while General Accident firmed 8 to 350p.

The major clearing Banks held close to overnight levels but Hire Purchases made progress on cheaper money hopes. Lloyds and Scottish adding 3 to 174p and Provident Financial 4 to 150p. Among Merchant Banks, Smith St. Aubyn put on 10 to 176p on the increased interim dividend and the Board's confident remarks, while Jessel Toynbee added 2 to 84p on interim statement.

Breweries trended firmer although the level of business again left much to be desired. Bass, 217p, and Whitbread, 157p, added 4 and 3 respectively, while further support was forthcoming for Scottish and Newcastle, 2½ up for a two-day gain of 4½ at 66p. Reports of a slowdown in the decline of Whisky exports aided Distillers, 3 better at 203p, while Highland continued to rally from the disappointing full-year results and ended 3 dearer at 116p.

Blue Circle touched 338p before closing a net 4 off at 332p after announcing the planned closure of two cement works with the loss of 1,500 jobs. Other leading Buildings made reasonable progress in thin trading, Tarmac firming 10 to 267p and BPB adding 5 to 245p. Still responding to the good interim results, Feb International "A" added 3 more to 48p, while UBM, at 65½p, recovered most of the previous day's fall of 3 which reflected poor half-yearly profits. Hoveringham, however, shed 3 to 53p on the mid-term results and the chairman's none-too-optimistic statement on current trading.

Interest in ICI was fairly low-key, but the price hardened a couple of pence to 322p.

BHS please

Already a penny or two firmer by the official close, leading Stores made further progress following the interim results from British Home Stores which proved to be in excess of general expectations. BHS were finally 12 better at 164p, while Marks and Spencer, 114p, and Debenhams, 83p, rose 4 apiece. Further consideration of the first-half statement left Mothercare 6 better at 242p. Away from the leaders, J. Hepworth, preliminary results next Thursday, added 5 to a 1980 peak of 98p, but W. L. Pawson, interim results tomorrow, eased 3 to 26p. Speculative attention was again directed towards B. Paradise, 4 dearer at 66p.

Among Shoes, Strong and Fisher, 56p, recovered half of the previous day's fall of 4 which followed the annual loss. Stylo met profit-taking and slipped to 130p before rallying to end 5 cheaper on balance at 135p. Bid hopes buoyed by Ward White's market raid at 60p per share helped K Shoes, 3 better for a two-day gain of 15 at 63p.

The Electrical leaders continued to attract a fair amount of buying interest, while demand was also evident for selected secondary issues. GEC were particularly good at 555p, up 15, while Racal continued to benefit from the company's U.S. move into the mobile radio market and put on 7 more to 343p. Plessey firmed 8 to 265p and Thorn EMI 6 to 352p. Elsewhere, renewed support lifted Wholesale Fittings 40 more to 980p. Electrocomponents rose 16 to 730p and Farnell 13 to 368p, while Kode firmed 9 to 337p. Muirhead rallied 4 to 104p. Satisfactory half-year results left Telephone Rentals 5 to the good at 285p, but Pressac dropped 9 to 23p on the slump in annual earnings and the reduced final dividend.

Hawker, an unsettled market of late, moved ahead to close 12 dearer at 234p following the interim results and statement on current trading. Apart from Vickers, which found support and put on 6 to 140p, interest in the other Engineering leaders remained at a low ebb. Elsewhere, Yarrow closed 10 firmer at 250p, while demand was seen for Westland which improved 6 to 131p. J. and H. B. Jackson also found support at 55p, up 3. By way of contrast, Dupont closed 2 lower at 21p, after 19p, following the drop in half-year profits and the passed interim dividend.

Business in Foods improved with selected supermarket issues claiming most of the attention. Associated Dairies rose 10 to 232p and Kwik Save a couple of pence to a high for the year of 145p, while Bejam put on 5 to 98p, the last-named following the annual report. Elsewhere, Unigate and United Biscuits added 3 apiece to 110p and 83p respectively, while RHM improved 1½ to 47½p.

Hotels and Caterers had Ladbroke 5 dearer at 234p and Trusthouse Forte 2 better at 183p. Grand Metropolitan touched 159p before reverting to 156p.

BTR firm again

Leading miscellaneous industrials edged higher with Glaxo noteworthy for a gain of 6 at 238p. Bowater continued to make headway at 178p, up 3, while Boots firmed 4 to 235p and BOC International hardened 2 to 92p. Elsewhere, renewed investment support lifted BTR 9 to 383p. United Carriers continued in demand and put on 12 further to 240p, but Barget, down 18 at 38p, reacted sharply after the previous day's rise of 13 on a bout of speculative activity. U.S. acquisition news left Thomas Tilling a penny harder at 162p and Hanson Trust a similar amount up at 178p. Brook Street Bureau rallied 2½ to 38p after recent dullness on the interim results.

Horizon Travel rose 22 to 327p in active trading on hopes that sterling's strength would encourage a boom in foreign holiday bookings. Elsewhere in the Leisure sector, Pleasurama firmed 8 to 173p on thoughts that Grand Metropolitan may turn its attention towards the company in the wake of the latter's aborted bid for Coral Leisure.

Motor Components were again featured by Dowty, 7 up for a two-day gain of 12 at 243p.

International Thomson, dealings in which were suspended briefly at the outset of trading, closed 30 higher at 360p, after 375p, following the company's decision to sell its newspaper titles. Other Newspapers trended firmer. Associated added 4 at 292p, while Daily Mail A picked up 3 to 483p. Among regional counters, East Midland Allied Press improved 5 to 95p, while Portsmouth and Sunderland, interim statement expected today, hardened a couple of pence to 78p.

Properties were subdued awaiting today's Minimum Lending Rate decision, Land Securities remaining at 386p. Great Portland Estates hardened 4 to 224p, but Stock Conversion eased 3 at 315p. A. and J. Mucklow were quoted at 118p ex the rights issue with the new nil paid shares at 96p premium.

Far-Eastern considerations prompted gains of 6 in Swire Properties, 95½p, and Hong Kong Land, 175p.

Still benefitting from Press mention and the recent hardening of spot crude prices, Oils shares made fresh progress. Trading was reasonably brisk with BP, up 12 at 462p, prominent in the leaders. Shell firmed 6 to 460p and Lasmo gained 35 to 835p. Among the speculative issues, Clyde advanced 25 to 785p, while Pict, 390p, and Sceptre, 590p, improved 10 and 15 respectively. Premier rose 8 more to 110p and KCA improved similarly to 178p.

Paterson Zochonis continued to benefit from the better-than-expected annual results and the Ordinary jumped 24 more to 372p with the A rising 22 to 370p. Elsewhere in Overseas Traders, Gill and Duffus rose 5 to 196p awaiting today's mid-term statement.

Among Financials, Hampton Trust put on 4½ to 72p, but recently firm Mercantile House eased 4 to 384p.

Active Mines

Mining markets were more active yesterday than of late, with a marked revival of interest in gold shares following the $7 rise in bullion to $659.5, while the Gold Mines index gained 12.3 points to 484.3.

Randfontein Estates led the way in South African Golds with a rise of 1⅞ to £42, closely followed by Hartebeest, 1⅞ better at £32¼. Western Holdings and Western Deep were each ¾ firmer at £45½ and £30 respectively, while rises of around ½ were common to Free State Geduld, £36¼, Buffels, £26¾, East Driefontein, £15¼, and Blyvoor, £10.

Venterspost stood out among the cheaper-priced issues with a gain of 24 to 925p, while bigger percentage gains were recorded in Kinross, 23 better at 689p, and Western Areas, 17 up at 483p.

South African demand also boosted Financials, in which Gold Fields of South Africa jumped 1⅝ to £45¾, "Amgold" put on ½ to £56 and "Johnnies" ½ to £36½. De Beers gained 12 to 502p, and Anglo American 10 to 850p.

Middle Witwatersrand were outstanding with a jump of 70 to a 1980 peak of 720p.

London Financials were also firmer, with RTZ 10 up at 475p and Consolidated Gold Fields 8 better at 635p.

Tins were firm throughout, albeit in a thin market. Tronoh extended its 1980 high to 460p with a gain of 10; Petaling were also at a peak with a similar rise to 385p, ad Gopeng put on the same amount to 785p.

Australians were mixed, with Greenbushes Tin 50 firmer at 650p. Vultan Minerals were virtually ignored and closed unchanged at 225p.

Among the leading stocks, CRA gained 16 to 350p and Western Mining 5 to 304p.

Southern Pacific reached a 1980 peak of 155p with a rise of 10, while Central Pacific, its partner in the Rundle project, gained 15 to 405p.

FINANCIAL TIMES STOCK INDICES

	Oct. 22	Oct. 21	Oct. 20	Oct. 17	Oct. 16	Oct. 15	A year ago
Government Secs	71.27	70.85	70.52	70.74	70.79	71.48	69.02
Fixed Interest	72.34	72.34	72.26	72.30	72.31	72.35	70.46
Industrial Ord.	488.7	484.0	477.5	481.1	490.4	485.5	449.5
Gold Mines	484.3	472.0	484.4	500.5	508.3	513.7	205.9
Ord. Div. Yield	7.50	7.60	7.71	7.65	7.67	7.60	7.45
Earnings, Yld. % (full)	16.94	17.17	17.43	17.29	17.33	17.18	17.97
P/E Ratio (net) (*)	7.20	7.10	7.00	7.05	7.04	7.10	6.86
Total Bargains	21,618	20,856	20,729	20,051	20,311	21,040	19,640
Equity turnover £m.	—	136.71	98.20	105.68	120.27	147.70	132.50
Equity bargains total	—	17,515	16,514	13,913	16,138	15,762	15,540

10 am 488.8. 11 am 487.4. Noon 488.7. 1 pm 488.8.
2 pm 488.5. 3 pm 489.5.
Latest Index 01-246 8026.
* Nil=6.70.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	72.54 (21/7)	65.85 (7/8)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7)	64.70 (10/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind.Ord.	508.9 (12/9)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	558.9 (22/9)	268.5 (18/3)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Oct. 22	Oct. 21
—Daily		
Gilt Edged	106.2	115.0
Industrials	94.1	97.5
Speculative	51.7	66.4
Totals	75.1	75.1
5-day Avrge.		
Gilt Edged	105.9	105.7
Industrials	92.2	93.6
Speculative	53.1	52.0
Totals	71.3	71.2

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (137)

BRITISH FUNDS (5)
AMERICANS (1)
BANKS (8)
BEERS (1)
BUILDINGS (6)
CHEMICALS (2)
DRAPERY & STORES (5)
ELECTRICALS (7)
ENGINEERING (1)
FOODS (1)
HOTELS (1)
INDUSTRIALS (15)
INSURANCE (5)
LEISURE (1)
MOTORS (2)
PAPER (1)
PROPERTY (1)
SOUTH AFRICANS (2)
TRUSTS (50)
OIL & GAS (14)
OVERSEAS TRADERS (3)
MINES (7)

NEW LOWS (23)

CANADIANS (1)
Bell Canada
BUILDINGS (3)
Hoveringham | Heywood Williams
Do. Res. Vtg.
CHEMICALS (2)
Anchor Chemical | Catalin
STORES (2)
Cope Sportswear | Pawson (W. L.)
ELECTRICALS (3)
Philips' Lamps | Wellco Holdings
Pressac
ENGINEERING (5)
Davies Metcalfe A | Williams (W.)
Greenbank | Wolseley Hughes
Sykes (Henry)
INDUSTRIALS (7)
British Cine. | "W" Ribbons
Cole (R. H.) | Waterford
Eastern Produce | Watson (R. K.)
UKO Intl.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	92	—	[illegible]
Corpns. Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	324	180	887
Financial and Prop.	[illegible]	[illegible]	[illegible]
Oils	23	10	[illegible]
Plantations	6	3	15
Mines	83	16	[illegible]
Others	47	35	[illegible]
Totals	753	232	1,420

LEADERS AND LAGGARDS

Percentage changes since December 31, 1979, based on Tuesday, October 21.

Gold Mines FT	+75.73	Entertainment and Catering	+25.60
Merchant Banks	+73.14	Stores	+25.39
Insurance (Life)	+68.35	500-Share Index	+25.32
Mining Finance	+65.08	Engineering Contractors	+23.28
Electricals	+64.82	Industrial Group	+22.02
Investment Trusts	+49.58	Mechanical Engineering	+18.15
Electronics, Radio and TV	+48.09	Banks	+17.82
Property	+46.31	Pharmaceutical Products	+16.69
Insurance (Composite)	+39.82	Consumer Goods (Non-Durable) Group	+16.92
Financial Group	+38.29	Other Groups	+16.52
Overseas Traders	+37.86	Newspapers and Publishing	+14.31
Hire Purchase	+37.57	Food Manufacturing	+14.30
Discount Houses	+37.07	Tobaccos	+10.93
Oils	+36.76	Breweries	+ 9.24
Capital Goods Group	+34.38	Metal and Metal Forming	+ 6.19
Shipping	+33.63	Packaging and Paper	+ 5.77
Food Retailing	+32.23	Chemicals	+ 5.47
Contracting and Construction	+30.58	Textiles	+ 1.72
All-Share Index	+30.24	Office Equipment	− 0.49
Consumer Goods (Durable) Group	+27.56	Wines and Spirits	− 0.82
Insurance Brokers	+26.54	Motors and Distributors	− 8.54
Building Materials	+26.51	Household Goods	−23.67
		Toys and Games	−45.11

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
Premier Cons.	5p	15	110	+ 8	110	36
LASMO	25p	12	835	+35	835	337
BP	25p	11	462	+12	462	320
Racal Electronics	25p	9	343	+ 7	343	175
Ultramar	25p	9	463	+10	463	206
GKN	£1	8	175	− 2	279	170
KCA Intl.	25p	8	178	+ 8	178	41
Mucklow (A. & J.) 'New'	Nil/pd.	7	96pm	—	98pm	93pm
Rank Org.	25p	7	170	+ 4	228	146
BAT Inds.	25p	6	280	+ 2	295	223
Barclays Bank	£1	6	456	+ 6	456	327
De Beers Defd.	R0.05	6	500	+10	553	368
GEC	25p	6	555	+15	555	326
ICI	£1	6	322	+ 2	402	318
Thorn EMI	25p	6	352	+ 6	380	260

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct. 20	Oct. 31	Jan. 22	Feb. 2
Nov. 3	Nov. 14	Feb. 5	Feb. 16
Nov. 17	Nov. 28	Feb. 26	Mar. 9

For rate indications see end of Share Information Service

Stocks to attract money for the call included William Press, BP, Courtaulds, Raglan Property, Grindlays, Dunlop, BSG, Intervision, Petbow, Town and City Properties, Pennine Motor, Richardson and Westgarth, Turner and Newall, Pentland, Carless Capel, North Kalgurli, Lennons, Associated Leisure and Reo Stakis. Puts were arranged in Premier Oil, Boots, Thorn EMI and Trusthouse Forte, while double options were transacted in Tate and Lyle, Town and City, FNFC, Trust Securities and Premier Oil.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed., Oct. 22, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues., Oct. 21 Index No.	Mon., Oct. 20 Index No.	Fri., Oct. 17 Index No.	Thurs., Oct. 16 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	291.30	+1.6	15.14	5.68	8.02	286.78	284.57	286.55	286.07	227.15
2	Building Materials (28)	252.97	+0.9	18.80	6.77	6.32	250.74	250.69	251.20	251.95	224.39
3	Contracting, Construction (27)	426.95	+0.8	21.37	5.84	5.52	423.37	423.61	422.64	422.75	362.11
4	Electricals (17)	928.60	+2.5	10.49	2.87	11.72	905.98	888.64	897.84	891.83	569.26
5	Engineering Contractors (11)	356.38	+0.5	17.37	7.25	7.34	354.64	356.81	356.35	351.56	313.45
6	Mechanical Engineering (72)	179.78	+1.6	16.08	7.47	7.58	176.97	176.36	177.76	178.16	153.62
8	Metals and Metal Forming (16)	154.01	+0.1	18.96	10.53	6.56	153.87	154.26	156.08	156.53	155.14
11	CONSUMER GOODS (DURABLE) (48)	245.22	+1.0	13.06	5.14	9.17	242.86	238.09	239.43	238.16	217.76
12	Lt. Electronics, Radio, TV (14)	383.68	+1.2	9.91	3.61	12.27	379.28	369.74	371.85	368.36	307.81
13	Household Goods (13)	88.99	+0.2	25.42	11.05	4.97	88.85	88.36	88.39	89.29	136.80
14	Motors and Distributors (21)	95.16	+0.4	22.70	9.83	5.08	94.77	94.62	95.24	95.89	104.55
21	CONSUMER GOODS (NON DURABLES) (171)	241.52	+1.4	16.97	6.69	7.12	238.22	236.25	237.28	235.86	224.73
22	Breweries (14)	280.63	+1.6	16.14	6.56	7.23	276.21	274.14	275.61	277.69	278.04
23	Wines and Spirits (5)	295.21	+1.5	20.73	6.92	5.70	290.73	288.75	290.81	292.09	313.60
24	Entertainment, Catering (17)	346.15	+0.6	16.80	6.46	7.33	344.01	340.53	344.08	342.48	310.36
25	Food Manufacturers (22)	219.43	+0.9	18.16	6.95	6.50	217.38	216.92	217.56	216.69	203.12
26	Food Retailing (13)	394.29	+1.4	12.06	3.92	9.82	388.86	388.49	390.75	387.90	293.72
32	Newspapers, Publishing (12)	444.53	+1.2	21.46	6.54	6.24	439.18	436.91	437.44	436.23	417.51
33	Packaging and Paper (15)	122.55	+0.5	28.53	10.56	4.08	121.90	121.44	119.13	120.45	124.75
34	Stores (44)	244.90	+2.2	12.39	5.14	10.53	239.71	236.80	238.49	234.57	216.68
35	Textiles (21)	128.88	+0.9	24.31	11.89	5.01	127.73	124.72	125.25	123.91	146.86
36	Tobaccos (3)	221.80	+0.5	25.88	10.50	4.40	220.71	218.73	218.71	218.20	226.91
37	Toys and Games (5)	25.54	−2.3	8.81	11.21	26.26	26.12	26.12	25.08	25.59	60.92
41	OTHER GROUPS (98)	219.70	+0.7	15.88	7.12	7.54	218.10	216.78	217.94	218.37	196.25
42	Chemicals (16)	295.91	+1.0	17.90	8.20	6.53	292.91	291.52	294.55	294.99	274.16
43	Pharmaceutical Products (7)	227.11	+0.3	11.05	6.17	11.20	226.41	223.06	222.95	224.08	214.47
44	Office Equipment (6)	105.21	+1.9	19.42	7.89	6.01	103.26	103.92	105.25	105.46	112.10
45	Shipping (10)	569.19	+0.4	12.91	6.35	9.46	566.73	555.11	556.10	557.68	457.92
46	Miscellaneous (59)	281.92	+0.6	16.46	6.61	7.41	280.38	279.86	280.69	280.88	233.80
49	INDUSTRIAL GROUP (488)	256.64	+1.3	15.94	6.39	7.57	253.43	251.29	252.65	251.90	224.90
51	Oils (12)	972.38	+2.1	24.71	5.41	4.51	952.41	936.83	928.60	932.24	743.78
59	500 SHARE INDEX	313.19	+1.5	18.07	6.15	6.50	308.67	305.47	306.08	305.67	265.97
61	FINANCIAL GROUP (118)	254.61	+1.0	—	5.16	—	252.18	251.66	251.75	252.43	184.69
62	Banks (6)	261.73	+0.8	39.04	6.43	3.06	259.59	259.43	260.60	261.22	213.98
63	Discount Houses (10)	300.85	+0.1	—	5.63	—	300.60	300.60	300.32	299.05	235.64
64	Hire Purchase (5)	232.10	+2.0	10.69	4.35	12.62	227.44	228.22	229.77	233.16	175.34
65	Insurance (Life) (10)	267.91	+1.8	—	4.92	—	263.27	259.25	257.36	257.89	151.65
66	Insurance (Composite) (9)	172.97	+1.7	—	6.56	—	170.12	168.31	167.50	169.40	120.29
67	Insurance Brokers (9)	341.74	+0.9	13.48	6.76	10.16	338.57	343.74	343.88	345.51	267.58
68	Merchant Banks (13)	157.82	+1.6	—	4.82	—	155.39	155.54	155.29	155.55	96.05
69	Property (45)	463.82	+0.1	3.10	2.63	45.03	463.41	465.28	467.26	464.97	346.68
70	Miscellaneous (11)	160.91	+0.4	16.12	5.90	7.85	160.23	161.11	161.23	162.12	120.16
71	Investment Trusts (109)	289.31	+0.5	—	5.06	—	287.92	286.66	285.49	283.34	205.97
81	Mining Finance (3)	271.57	+1.6	13.09	4.82	9.10	267.34	268.10	269.21	270.92	128.45
91	Overseas Traders (20)	462.79	+1.0	10.88	6.39	11.07	458.22	459.41	458.03	460.34	337.88
99	ALL-SHARE INDEX (750)	303.17	+1.3	—	5.87	—	299.28	296.96	297.33	297.16	243.21

FIXED INTEREST PRICE INDICES

	British Government	Wed., Oct. 22	Day's change %	Tues., Oct. 21	xd adj. today	xd adj. 1980 to date
1	Under 5 years	106.72	+0.12	106.59	—	8.78
2	5-15 years	113.48	+0.47	112.95	—	10.68
3	Over 15 years	119.11	+0.55	118.45	—	11.97
4	Irredeemables	135.00	+0.41	134.46	—	9.02
5	All stocks	112.88	+0.39	112.44	—	10.34

FIXED INTEREST YIELDS
British Govt. Av. Gross Red.

			Wed., Oct. 22	Tues., Oct. 21	Year ago (approx.)
1	Low Coupons	5 years	11.50	11.61	10.91
2		15 years	11.49	11.60	11.41
3		25 years	11.49	11.60	11.91
4	Medium Coupons	5 years	12.99	13.03	13.11
5		15 years	13.08	13.15	13.11
6		25 years	12.83	12.90	13.11
7	High Coupons	5 years	13.10	13.15	13.52
8		15 years	13.33	13.39	13.63
9		25 years	13.03	13.09	13.45
10	Irredeemables		11.06	11.10	11.81

		Wed., Oct. 22 Index No.	Wed., Oct. 22 Yield %	Tues. Oct. 21	Mon. Oct. 20	Friday Oct. 17	Thurs. Oct. 16	Wed. Oct. 15	Tues. Oct. 14	Mon. Oct. 13	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	54.43	†13.62	54.44	54.40	54.54	54.02	54.00	53.97	53.85	56.52
16	Investment Trust Prefs. (15)	51.02	13.26	51.05	51.05	51.05	51.31	51.31	51.09	51.09	48.50
17	Coml. and Indl. Prefs. (20)	68.13	13.16	68.09	68.09	68.04	68.06	67.66	67.32	67.28	65.97

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −	Div. p. or Amount	Times Covered	Gross Yield	P.E. Ratio
15	F.P.	—	32	26	††Baker (John) Pfd 10p	29	−1	—	—	—	—
55	F.P.	—	310	215	††Brint Invs.	310	[illegible]	—	—	—	—
[illegible]	F.P.	—	460	358	BP Restricted Trans.	460	+18	17.5	4.7	5.4	4.3
80	F.P.	—	80	70	[illegible]	72	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	F.P.	—	145	92	††ORE	123	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
150	F.P.	—	191	180	††Trust Securities 4p	190	+2	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Lloyds Bank International, Geneva
P.O. Box 438, 1211 Geneve 11 (Switzerland)
Lloyds Int. Growth | SF589 629.0 | — | 0.50
Lloyds Int. Income | SF289.50 301.00 | — | 6.00

M & G Group

Schroder Mngt. Services (Jersey) Ltd.
P.O. Box 195, St. Helier, Jersey. 0534 27561
Sterling Money Fd. | £10.10 10.11 | — | —
Next subscription day October 29.

[illegible]

NOTES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a) (z)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	54.2	58.3	-0.5	2.49
Abbey Capital	44.4	48.0	+0.8	5.10
Abbey General	56.2	59.7	+0.8	5.26
Abbey Gilt & F.I. Tst.	114.7	120.7	+0.2	11.34
Abbey Income	33.8	36.5xd	+0.2	9.48
Abbey W'Wide Bd Tst.	89.4	94.6	+0.1	7.08
Abbey Inv. Tst. Fnd.	48.9	52.9	+0.3	4.80
Equitas Prog. Tst.	85.7	92.7	+0.9	4.65

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	93.3	98.2	+0.6	12.36

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	88.7	94.9	+0.8	6.08
Brit. Inds. Fund	79.0	84.5	+0.7	6.32
Growth & Income	49.9	53.4	+0.6	5.21
Elect. & Ind. Dev.	43.6	46.7xd	+0.7	5.35
Allied Capital	93.9	100.5xd	+1.3	4.13
Hambro Fund	135.6	145.1	+1.4	5.96
Hambro Acc. Fund	179.8	192.4xd	+2.1	4.73
Income Funds				
High Yield Fd.	64.9	69.4	+0.4	9.65
High Income	77.3	82.7xd	+0.7	7.68
A. H. Eq. Inc.	45.6	48.8	+0.5	7.50
Govt. Secs.	26.7	27.4	+0.1	11.35
International Funds				
International	33.6	36.0	-0.1	2.75
Pacific Fund	57.9	62.0	-0.4	1.97
Secs. Of America	66.5	71.2	.....	2.25
Specialist Funds				
Smaller Co.'s Fd.	54.0	57.8	+0.3	4.33
2nd Smlr. Co's Fd.	63.4	67.9xd	+0.6	4.42
Recovery Sits.	130.5	140.7xd	+0.8	5.92
Met. Min. & C'dty.	73.1	78.2xd	+0.2	4.60
Overseas Earnings	68.9	73.7	+0.8	5.01
Exempt Funds				
Income Exempt	—	50.0	.....	8.50
Far East Exempt	63.5	66.0	-0.4	2.27
Smaller Co. Exempt	81.5	85.6xd	+0.4	4.67
U.S.A. Exempt	115.3	119.9xd	-0.1	2.92

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	68.0	73.1xd	+2.40	3.91

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-623 6376

Inc. Monthly Fund	145.0	155.0	.....	12.06

Arbuthnot Securities Ltd. (a)(c)
37, Queen St., London, EC4R 1BY. 01-236 5281

Capital†	32.7	35.3	.....	—
Commodity***	98.6	106.4	.....	2.59
(Accumulation)	152.6	164.8	.....	2.59
(10% Withdrawal)	77.2	83.3	.....	2.59
Eastern & Internatl.†	35.6	38.4	.....	1.00
(6% Withdrawal)	25.1	27.1	.....	1.00
Extra Income	91.1	98.3	+0.3	9.21
(Accumulation)	103.8	112.1	+0.4	9.21
Finance & Property*	25.0	27.0	.....	3.84
Foreign††	123.0	133.8	-0.7	1.00
Giants	43.8	47.3	+0.9	2.97
(Accumulation)	56.1	60.5	+1.0	2.97
Gilt & Fixed	44.9	47.1	+0.1	11.67
(Accumulation)	47.1	49.4	+0.1	11.67
Growth	43.1	46.5	+1.0	2.92
(Accumulation)	55.7	60.1	+1.3	2.92
High Income	35.5	38.3	+0.1	9.26
(Accumulation)	57.8	62.4	+0.2	9.26
(8½% Withdrawal)	47.0	50.7	+0.1	9.26
High Yield	42.0	45.3	+0.1	10.60
(Accumulation)	71.9	77.6	+0.2	10.60
North American††	34.1	36.8	+0.6	1.00

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8SD. 01-248 4984

High Income	36.2	39.6xd	+0.2	11.40
North American	58.5	62.1xd	.....	2.78
Canadian Exempt*	63.0	66.6	.....	3.54
Canadian Trust	63.5	68.3	+0.5	2.61
Mid Mount High Inc.*	48.6	51.4	.....	9.38
Recovery	57.0	62.3xd	-0.2	6.91
Gilt Trust	45.0	47.0	+0.1	12.39

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	36.9	39.8	-0.3	0.93
Cres. Internat'l.	70.5	75.9	.....	2.30
Cres. High. Dist.	42.6	46.0	+0.4	10.60
Cres. Reserves	51.9	56.0	+0.8	5.55
Cres. Tokyo	24.1	26.0	-0.2	0.72

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	23.8	25.2xd	.....	12.04

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. Oct. 10	223.2	238.1	.....	5.66

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.4	19.3	.....	8.70
Gt. Winchester O'seas	24.8	27.6	.....	4.05

Emson & Dudley Tst. Mngmnt. Ltd.
28b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	85.6	92.1	.....	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	87.5	92.1xd	-1.0	4.77

Fidelity International Management Ltd.
62-63 Queen St, London EC4 1AD 01-248 4891

American	30.8	33.4	-0.2	0.96
Gilt + Fixed Int.	25.3	26.7xd	.....	12.24
Growth + Income	31.3	33.7	+0.1	7.22
Special Sits.	37.9	40.8	-0.1	2.13

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l.	36.0	38.7xd	.....	1.97
Accum. Units	44.6	48.0xd	+0.4	1.97
J. Finlay High Income	34.3	36.7xd	-0.3	10.72
J. Finlay Euro.Fin.	20.9	22.5xd	-0.5	3.75
Accum. Units	26.9	29.0xd	-0.6	3.75
J. Finlay Fd. In. Tst.	38.6	41.5xd	+1.2	6.01
Accum. Units	48.8	52.5xd	+1.5	6.01

Prices on Oct. 22. Next dlg. Oct. 29.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

Amer. & Gen. Oct. 20	67.6	72.2	.....	0.91
Am. T'around Oct. 20	62.0	66.2	.....	1.80
Capital Tst.	58.2	62.2xd	+0.4	5.39
(Accum. Units)	60.6	64.8	+0.4	5.39
Extra Income Trust	50.6	54.0	+0.4	10.16
Income Tst.	39.8	42.4	+0.4	8.37
Int. Growth Fd.	56.2	60.0xd	+0.2	1.79
(Accum. Units)	59.4	63.4	+0.2	1.79

Friends' Provdt. Trust Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Units	60.3	64.4	+0.7	4.32
Do. Accum.	85.0	90.9	+1.0	4.32

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital Oct. 16	136.3	140.6xd	.....	4.98
Gross Inc. Oct. 16	84.6	85.8	.....	10.96
High Yield Oct. 16	96.0	100.2	.....	10.38

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16, Finsbury Circus, EC2M 7DJ. 01-628 8131

G.T. Cap. Income	146.1	157.0	.....	2.60
Do. Acc.	185.4	199.9	.....	2.60
G.T. Inc. Fd. Un.	201.4	216.5	.....	8.30
G.T. U.S. & Gen.	183.4	197.1	.....	2.10
GT Wld. Bd. Fd.	92.5	98.3	.....	6.90
G.T. Japan & Gen.	81.3	87.4	.....	1.70

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
100 1/16	99 1/16	Exchequer 13pc 1980‡‡	99 7/8xd	......	13.02	14.63
99½	96¾	Treasury 11½pc 1981‡‡	99⅛	+1/32	11.60	14.87
97	90¾	Treasury 3½pc 1979-81	97	......	3.60	13.29
98 3/16	93⅝	Treasury 9¾pc 1981‡‡	98⅜	+1/16	9.91	13.62
96¾	91¼	Exch. 8¼pc 1981	96 13/16	......	8.52	13.53
97½	92¾	Exch. 9½pc 1981	97½	+⅛	9.74	12.85

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
91	82¾	Aust. 5½pc '81-82	90¾	......	6.12	13.58
85¾	72½	Do. 6pc 1981-83	85	......	7.26	12.93
67¼	58	N.Z. 7¼pc 1988-92	67½	......	11.11	13.13
82¾	72	Do. 7½pc '83-86	82½	......	9.39	12.57
96¾	88	Sth. Africa 9½pc '79-81	94xd	......	10.06	15.39
160	95	S. Rhod. 2½pc Non-Ass.	95	–1	—	31.38
169	133	Do. 6pc '78-81 N.-As.	145	+2	—	27.87

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

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INDUSTRIALS—Continued

1980 High	1980 Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
54	45	Hargreaves 20p	50	–1	3.96	2.2	11.3	(4.8)
88	60	Harris (Ph.) 20p	80	......	5.5	1.6	9.8	(7.6)
46½	31	Harris & Sheldon	35½	......	3.0	2.3	12.1	4.9
34	19	Hawkins & Tipson	23	......	‡1.0	3.2	‡	7.0
16¼	8½	Hawtin 5p	8¼	......	0.25	8.6	4.1	3.0
66	46	Hay (Norman) 10p	65	......	3.35	1.9	7.4	10.1
106	57	Heecher 'A' 10p	101	......	♦2.5	3.5	3.5	11.6
112	86½	Hepworth Cmc.	93	......	5.0	3.3	7.7	4.6
36	22	Hestair	28	–2	1.0	1.0	5.1	(12)
50	32	Hewitt (J.)	35	......	1.5	9.8	6.1	1.9
43	24	Highgate & Job 50p	25	......	—	—	—	—
65	45	Hill (Chas.) £1	48	......	—	—	—	—
33	17	Hirst Mal'son 20p	18	......	‡2.6	1.4	‡	(3.5)
100	75	Holden (A.)	100	......	5.0	3.3	7.1	4.9
51	23	Hollis Bros	29	......	1.4	1.4	6.9	(13)
88	70	Holt Lloyd Int. 10p	74	......	h3.17	2.5	6.2	7.5
182	118	Hoover 'A'	132	......	‡12.0	0.9	‡	(12)
112	52	Hoskins & H 20p	52	......	‡8.0	1.5	‡	3.8
*80	54	Howard Tenens	67	......	2.28	2.0	4.9	12.4
377	230	Hunting Assoc.	353	......	5.0	6.0	2.0	9.1
*131	60	Huntleigh 10p	118xd	–1	‡1.5	2.8	1.8	29.6
129½	55½	Hutch Whamp $HK1	122½	+4½	MQ28c	2.6	1.9	19.8
25½	16	Hyman (I. & J.) 5p	16½	......	1.25	3.6	10.8	3.7
£13⅝	845	I.C. Industries$1	£12⅝	......	Q$2.00	—	7.3	—
196	111	ICL	155	+1	††2.97	7.4	2.7	5.3
32	24	Ingall Inds. 10p	32	......	2.27	ϕ	10.6	ϕ
196	107	Initial Services	196	+1	7.5	2.3	5.5	9.7
18	9	Inter-City 20p	11½	......	0.6	1.8	7.5	(8.8)
57	39½	J. B. Holdings 10p	47	......	3.0	2.1	9.4	7.1
150	100	Jacksons Bourne	103	......	♦5.0	ϕ	6.9	ϕ
11½	4½	James (M.) Inds. 10p	10¾	–¼	0.75	3.9	10.5	2.8

INSURANCE—Continued

1980 High	1980 Low	Stock
370	212	Gen. Accident
370	220	G.R.E.
319	112	Hambro Life 5p
223	185	Heath (C.E.) 20p
140	83	Hogg Robinson
114	94	Howden (A.) 10p
£47	£33	Do. Warrants
257	151	Legal & General
224	142	Lon. & Man. 5p
183	122	London United 20p
£26⅞	£25	Marsh McLen'n $1
117	94	Minet Hldgs. 20p
32	20	Moran (Chris) 20p
450	268	Pearl 5p
318	208	Phoenix
204	136	Provident
268	162	Prudential
242	140	Refuge 5p
480	307	Royal
136	88	Sedgwick 10p
97	67	Stenhouse
242	168	Stewart Wr. 20p
808	520	Sun Alliance £1
244	130	Sun Life 5p
567	433	Taisho Mar. EDR
213	155	Trade Indemnity
£19⅞	£15¼	Travelers $2.50
273	207	Willis Faber

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Africa

MINES

Central Rand

Eastern Rand

Far West Rand

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Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

1980 High	1980 Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
30	21	Acmex 50c	30	......	—	—	—
24	12	ACM 20c	24	......	—	—	—
152	52½	Bond Corp.	126	......	Q7½c	ϕ	3.1
155	88	Bougainville I Kina.	116	–2	[illegible]	1.0	11.5
*350	221	CRA 50c	359	+26	‡Q15c	2.2	7.5
25	11½	Canada Northwest	16	......	—	—	—

Tins

Copper

Miscellaneous

1980 High	1980 Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
17	12	Burma Mines 10p	15½	......	0.62	1.1	5.8
287	53	Colby Res. Corp.	260	......	—	—	—
502	250	Cons. Murch. 10c.	270	......	‡Q30c	1.8	6.4
180	80	††Hemerdon 10c.	95	......	—	—	—
595	325	Northgate C$1	500	–5	—	—	—
*486	322	R.T.Z.	475	+10	‡16.0	3.2	4.8
49	16	Robert Mines	42	......	—	—	—
128	91	††SPO Minerals 10p	128	......	—	—	—
58	26	Sabina Inds. C$1	40	–4	—	—	—
51	31	††SWCM 10p	39	......	—	—	—
650	411	Tara Exptn. $1	555	–15	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- $ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✣ Regional price.
- ∥ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

OPTIONS

3-month Call Rates

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 38

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FINANCIAL TIMES
Thursday October 23 1980

Hanson Trust in $180m deal

BY JOHN MAKINSON

HANSON TRUST, the industrial services and food products concern, is planning to purchase McDonough Company, a U.S. group with interests in footwear, building materials and tools for $180m (£74m). The deal would mean a major addition to Hanson's string of U.S. companies and would be its largest ever acquisition.

Hanson has agreed to pay $45 (£18.51) per share for the 40 per cent of the company owned by the major shareholder, Mr. Bernard McDonough and his family. Hanson will then make a cash bid for the remaining shares at the same price and expects to conclude the deal in January next year.

The British company will itself provide only $25m of the purchase price, with the balance being met by borrowings from U.S. banks.

Mr. Martin Taylor, a Hanson director, said yesterday that his company could have contributed more from its own resources but as all the borrowing was being secured on McDonough's assets, it was unnecessary to tie up more of Hanson's own assets.

Last year Hanson derived almost two-thirds of its profits from the U.S. but has not made a purchase there since 1977. A £75m bid for Barber Oil of New York fell foul of U.S. shipping laws last year and was dropped. Mr. Taylor said he did not expect problems from regulatory agencies with the latest bid.

The McDonough acquisition would lead Hanson into unfamiliar territory in the U.S., although it owns a sizeable building materials operation in the U.K. There will be no management changes at McDonough following the deal.

Hanson is paying a slight premium over McDonough's net tangible assets, which were stated at $144.5m in the last balance sheet. Using UK accounting methods, however, they work out to $186.1m or slightly more than the value of Hanson's bid.

In the year to January 31, 1980, McDonough made profits before tax of $36.2m on sales of $450.6m. The company has recently been hit by the recession, however, and profits in the first half of this year slumped to $7.4m from $16m in the comparable period last year, on roughly maintained sales.

The deal is subject to approval of both Hanson and McDonough shareholders.

Men and Matters, Page 24

Weather

UK TODAY

RAIN, but slightly brighter in the south.

England, Wales, S.W. Scotland, Ulster

Scattered showers, sunny intervals. Max. 14C (59F).

Rest of Scotland

Cloudy with rain. Fresh winds. Max. 10C (50F).

Outlook: Unsettled. Showers in most parts. Temps. below normal.

WORLDWIDE

Y'day midday °C °F

C—Cloudy. F—Fair. R—Rain. S—Sunny

Iran Premier says U.S. is ready to meet its basic demands

New hope in hostage crisis

BY OUR FOREIGN STAFF

IRAN'S Prime Minister, Mr. Mohammed Ali Rajai, appeared to hold out a new hope for solving the crisis with the U.S. when he said in Tehran yesterday that he believed the U.S. was ready to meet Iran's basic conditions for the release of the 52 hostages.

These conditions have been listed previously as the return of the Shah's wealth, the unblocking of assets frozen by the U.S., dropping legal claims against Iran, and promising not to interfere in its internal affairs.

But Mr. Rajai also repeated the long-standing Iranian position that the fate of the hostages should be decided by its Parliament. Consideration by the Parliament of the hostage question, which had been on the agenda for discussion yesterday, was postponed until Sunday.

Diplomats in London however, thought Mr. Rajai's comments could signal a more flexible Iranian stance on the issue because he said "the hostages are not really a problem for us. We are in the process of resolving it. The nature of the hostage taking was important for us. We got the results long ago."

Although President Bani-Sadr has held this view for many months, this is believed to be the first time that Mr. Rajai, a political antagonist of the President, has said anything of the kind.

Such a change of view could be crucial in winning over the Parliament, which is dominated by the hardline Islamic Republican Party which supports Mr. Rajai.

A member of the Parliamentary commission proposing conditions for the release of the hostages said yesterday it would probably announce its terms at the Sunday session. Mr. Moussavi Kho'ini, a clergyman who is also close to the militant students holding the hostages, said if the U.S. accepted the conditions, the hostages could be released the next day. His remarks were greeted with caution by diplomats in Tehran.

Mr. Rajai discounted the likelihood of the hostages being released before the U.S. presidential elections on November 4, which will be the first anniversary of their seizure.

An indication of the problems which might prevent the early release of the hostages came from a comment by Ayatollah Mohammed Beheshti, the powerful leader of the IRP. "The U.S. has not accepted Ayatollah Khomeini's conditions," he told a news conference.

Iran has meanwhile told Mr. Habib Chatti, envoy of the Islamic conference, that it would not agree to any talks or action to halt the Gulf war before Iraqi troops withdrew from Iranian territory.

Iran has assure the United Nations that it was committed to keeping the strategic Strait of Hormoz open to navigation.

British Aerospace shares to go on sale this winter

By MICHAEL DONNE, AEROSPACE CORRESPONDENT

SHARES IN British Aerospace, the nationalised aerospace manufacturer, are expected to be offered for sale some time this winter, probably around the turn of the year.

Priority in such a sale would be given to the 75,000 employees of the organisation.

The precise date of the sale has not yet been settled by the Department of Industry, which is responsible for British Aerospace. Neither has the precise proportion of shares which will be involved. It is certain, however, to cover under 50 per cent of the total capital of British Aerospace, thereby ensuring continued Government control of the organisation.

The feeling in Whitehall is believed to be that, whereas the outlook for British Airways—also a candidate for the injection of private capital—is uncertain because of the serious impact the current recession is having on it in common with other major airlines, the outlook for the manufacturer is much better.

The Government recently announced that, because of the difficulties racing British Airways, a share sale — which remains Government policy—is not now likely before 1982, and may be even later.

For British Aerospace, however, the situation is more promising, although there are some areas of uncertainty.

The group is heavily involved in military aircraft manufacture, and on its civil side is busy with its 20 per cent share of the European Airbus, for which it is making the wings while also retaining an overall design consultancy role.

On the civil side, the big question mark hangs over the new BAe 146 feeder-liner, on which substantial sums have been spent on development but which has collected few orders. The aircraft is due to make its maiden flight next spring, after which it is hoped that orders will start to flow more vigorously.

In the 1979 financial year, trading profits of British Aerospace were £90m on sales of just over £1bn, while the group had an order book outstanding of nearly £3.3bn.

Labour executive calls for poll delay

By Richard Evans, Lobby Editor

THE LABOUR PARTY's National Executive Committee decided yesterday to press for a postponement of the Parliamentary Labour Party's leadership election—in the certain knowledge that this will be rejected by MPs next week.

The move, taken after NEC members voted in favour, with five against, was seen as a symbolic protest by the Left-wing majority against the Shadow Cabinet's recommendation to press ahead with the election.

Mr. Michael Foot, Deputy Leader, one of the four candidates to replace Mr. James Callaghan, advised against the proposal on the grounds that it would create unnecessary conflict between the NEC and the Perliamentary Labour Party.

Mr. Eric Heffer, a leading Left-wing member of the NEC, will urge MPs next Tuesday to suspend standing orders, forego the election, and allow officials to remain in office until a new electoral system can be devised early next year.

The NEC sketched a timetable leading to the special conference on January 24 which will try to devise a new formula.

A special working party was set up to decide which proposals the NEC should put to the conference. The closing date for amendments will be December 5, which means a very tight schedule.

A joint meeting of the Shadow Cabinet and the NEC will review progress next Wednesday and there will be a further meeting of the NEC on Wednesday week.

The NEC will draft a model constitutional amendment on the extension of the franchise in order to guide constituency Labour parties and affiliated organisations. It will contain no figures on the possible composition of an electoral college but Right-wingers believe it could have the effect of conditioning people to assume that an electoral college is the only answer.

Mrs. Shirley Williams said after the meeting that the NEC was pushing confrontation with the PLP beyond the limit. "This is very foolish and damaging," she said.

A significant move for the longer term was made at the meeting by Mr. Anthony Wedgwood Benn. He gave notice that he wished to have discussions at a future meeting on the whole issue of Clause 5 of the party's constitution, which covers the drafting of election manifestos.

Negligible economic growth likely as Soviet grain yield disappoints

BY OUR MOSCOW CORRESPONDENT

THE SOVIET economy has been slowing appreciably this year and new economic targets released today indicate that its overall growth will be negligible next year.

Speeches by Mr. Leonid Brezhnev, the Soviet President, to a closed-door session of the Central Committee of the Communist Party yesterday, and by Mr. Nikolai Baibakov, head of the planning organisation GOSPLAN, at today's opening of the Supreme Soviet meeting both contained discouraging figures.

The biggest disappointment is this year's Soviet Grain Harvest. Although neither man gave a firm figure, Mr. Baibakov said today that the 1978-80 yield was 12 per cent ahead of the 1971-75 crop. This would indicate a 1980 yield of about 180m tonnes, which would be 55m tonnes below target.

Mr. Baibakov gave figures which show there are problems with Soviet energy output. He said the 1981 oil and gas condensate target is 610m tonnes, only fractionally higher than this year's goal of 606m tonnes, which will probably not be met.

The new target suggests the U.S. Central Intelligence Agency may have been correct in forecasting that Soviet oil output would peak in the early 1980s.

Coal is no less of a problem in the light of Mr. Baibakov's announced target of 738m tonnes. This is the lowest goal for four years and reflects the fact that output has actually been declining since 1978.

Even natural gas, production of which has been rising at 7 to 8 per cent annually, is scheduled for a slowdown. It is designed to increase from this year's goal of 435bn cubic metres to 458bn in 1981, a rise of only 5.3 per cent.

Mr. Brezhnev also criticised the chemicals industry for lagging behind national requirements and said more plastics, synthetic fibres, dyes and household chemicals were needed. No new targets for these have been given, but chemicals as a whole have grown less than half the 60 to 65 per cent envisaged in the 1976-80 plan.

John Edwards writes: The U.S. has called a meeting of leading grain exporting countries on November 10-14 to discuss the embargo on sales to the Soviet Union.

News of the forecast for the Soviet crops brought a further rise in world grain prices on the Chicago futures markets last night.

World grain supplies, Page 37; Sasetru liquidates, Page 29

Blue Circle to shed 1,500 jobs

BY MICHAEL CASSELL

BLUE CIRCLE Industries is to shed 1,500 jobs—about 12 per cent of its UK payroll—in the wake of sharply falling cement sales.

The group said last night that the decision had been forced upon it by the effects of the continuing construction industry recession, which had led to a 15 per cent drop in domestic cement sales the last two months.

But Blue Circle stressed that its commitment to UK cement manufacturing was "as firm as ever" and that it intended to maintain its 60 per cent share of the home cement market.

Cement production is to end next year at two of the group's older plants, Swanscombe in North Kent and North Ferriby on Humberside, both of which are more than 50 years old and, according to Blue Circle, no longer economic.

The 3.5m tonne annual capacity of the Northfleet works on Thameside is to be cut to about 2m tonnes "because reduced demand for exports and high sterling exchange rates have made the business increasingly uneconomic."

There will be about 1,000 redundancies at the three plants, beginning in February next year. Also 250 sales lorry drivers will lose their jobs by the end of next year; the ending of lime manufacture at the group's Martin Earles works near Rochester in Kent will mean another 150 redundancies.

The balance of the 1,500 lost jobs involve cuts in Northern Ireland and in the group's engineering and design division at Gravesend.

In August, the group announced a £47m rights issue to help it modernise its UK capacity, which now stands at nearly 11m tonnes a year. Last night the company said it was having to advance longer-term plans to change from high-cost manufacturing plant to a more energy-efficient system in the face of public expenditure cuts and generally lower construction output.

Continued from Page 1

Times

dismay and there were moves afoot to get a debate in Parliament.

The shares of Thomson British Holdings were suspended pending the announcement. After resumption of trading the price rose by 35p to 365.

Mr. Brunton would not estimate the price which would be put on the business.

Asked if there had been management failings, Mr. Brunton admitted the 11-month suspension had not secured its aims but described the management as "magnificent" in dealing with appalling problems.

The trouble had come from a minority of people and the problem was not one of unions against management but inter-union strife. This was behind the loss of more than 1m copies of the Sunday Times in the last fortnight.

Agreements had been signed with the unions, and they had failed to deliver. "We are not going down that road of promises again." The £15m expected loss for this year was a record, not counting the £39.3m which the suspension cost.

Germany rejects Euro steel plan

BY JONATHAN CARR IN BONN

THE WEST GERMAN Government has decided not to approve the European Commission's steel crisis plan and will seek another session of the EEC Council of Ministers to discuss the issue—probably on Saturday in Luxembourg.

This move effectively delays the introduction of the Commission plan agreed by the other eight EEC states. The plan foresees compulsory curbs on steel production throughout the Community, backed by fines for non-co-operation.

West Germany has avoided declaring the matter one of "vital national interest"—a phrase which would imply that it planned to veto an EEC Council decision for the first time.

But Bonn has fundamental objections to the Commission proposals, and so a veto cannot be excluded.

The Germans argue that their steel industry has been through a severe rationalisation process over the last few years, financed largely with non- Government funds.

They say many of their Euroepan competitors have maintained surplus capacity and outmoded production processes, and that resulting losses have usually been made good by their governments.

After the Cabinet session, Count Otto Lambsdorff, the Economics Minister, flew to Paris and London to explain the German view and to prepare for the Council session.

At best the Germans would like to see the compulsory scheme discarded in favour of renewing a voluntary agreement between European steel companies to restrict production. But hopes that this can be achieved are not high.

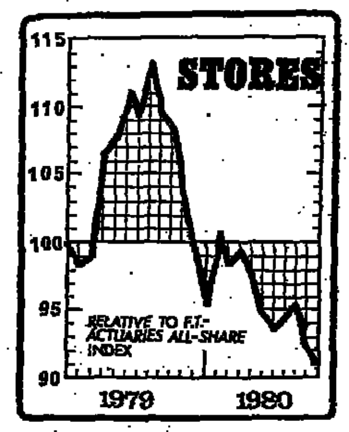
Bonn fears that about 10,000 jobs in the German steel industry could be endangered.

John Myles adds from Brussels: Although the other eight member states are surprised and unhappy at a further delay in the Community's resort to emergency powers over steel, EEC procedures prevent them from refusing the special meeting demanded by Bonn.

THE LEX COLUMN

A la recherche du Temps perdu

Index rose 4.7 to 488.7



The real value of Times Newspapers, according to the stock market, is minus £40m. That was the amount by which International Thomson's market capitalisation rose yesterday on the news that the group will be out of Fleet Street by March. The national newspapers lost £18.9m after tax relief last year, when publication was suspended for 11 months. This year, the after-tax loss will be about £8m—the result of recession, industrial disputes and, according to the management, the significant cost of implementing the agreements which ended the suspension but which have not brought the expected results.

The real cost to the group is greater than this, however, since it does not charge interest on inter-company loans. The newspapers will borrow £22m from the parent this year, and already had borrowings of over £20m last December.

There is no way of guessing the financial effect of yesterday's announcement, since the group has already made undisclosed provisions against the newspapers. Yet even on the worst outcome, it seems clear that after allowing for tax relief the move will not have a serious impact on the group given the size of its balance sheet and the prospects for its other activities. Net worth last December was £111m, and there was a deferred tax provision of £107m largely relating to oil.

In the North Sea, production from the Claymore and Piper fields is down from 356,000 bpd to around 290,000 bpd, and will start to fall quite steeply from 1983. Petroleum Revenue Tax is taking a much bigger bite this year, but thanks to higher prices North Sea earnings should still be modestly higher in 1980 and —maybe—in 1981. Just as significant, surplus cash flow from oil next year could be around £40m, after allowing for all tax.

The travel interests will be held back this year by the cost of expansion in the U.S., and the regional newspapers are under a lot of pressure. Yet group earnings could be roughly unchanged at £40m or so (fully diluted 30p per share). Next year, with The Times out of the way and the new developments starting to pay off, there could be a significant increase.

Hawker Siddeley

In a year when most engineering company results have been best forgotten, Hawker Siddeley has come up with a respectable rise in first half-pre-tax profits, from £53.1m to £57.2m, and it says that it has continued to produce earnings at a similar rate since June.

At the trading level, profits are up from £48.6m to £55.6m, but the UK companies' contribution is little changed, despite the inclusion of Westinghouse Brake and Signal (which is doing very well) for the full six months rather than three. Diesel earnings, which fell sharply in early 1979, are still bumping along the bottom, although in heavy diesels Hawker is seeing the benefit of capacity reductions.

The light electrical businesses, like most of British industry, seem to have fallen off a cliff in April, but in heavy electrical engineering the group is still managing to find orders, although margins are under a lot of pressure. So once again the entire gain in Hawker's profits has come from overseas, particularly South Africa and Australia.

These days the shares of any remotely successful company tend to look expensive; yesterday the All-Share Index moved above 300 for the first time. At 234p, up 12p, the Hawker Siddeley share yields a fraction under 5 per cent and stands on a p/e of over 10, fully-taxed.

British Home Stores

After the ominous rumours circulating in the City in recent weeks, the 20 per cent decline in British Home Stores' interim pre-tax profits to £10.6m came as a relief. The shares bounded up 12p yesterday to 164p. Whereas Marks and Spencer's volume was slightly ahead at the same stage, BHS has seen a small decline and the group has not enjoyed Marks' recovery in July and August. Costs also are running 20 to 25 per cent higher, against the 15 per cent at M and S. Nevertheless, at the trading level profits have been squeezed by only 10 per cent, and with interest savings of £1m in the current half following the loan stock rights issue, full-year profits may not fall far short of last year's £41.8m, pre-tax. Fully-diluted earnings will be marginally lower.

So, while M and S and BHS appear to be holding up relatively well, the main squeeze in the retailing sector is being felt at the top and bottom of the market, among the department stores and mail order houses. Retail shares have spent the last year falling in relative terms in anticipation of weak earnings. These have now come through into the published figures and share prices have been showing a firmer tone

Hanson Trust

Ever since its deal with Barber Oil collapsed, Hanson Trust has clearly been looking for a U.S. acquisition to replace it, and the issue of a $25m convertible bond last month suggested it was not far from finding one. It has chosen a company of roughly Barber's size —the McDonough Company, for which it is paying $180m. McDonough is in footwear, cement and hand tools—hardly the most advanced sectors of the U.S. economy. But high technology is not Hanson's style, and it has a very good record of extracting earnings from the companies it buys.

McDonough's profits have slumped in the first half of this year—from $16m to $7.4m pre-tax—but Hanson seems confident that this is a cyclical trough, and that the acquisition will cover its finance costs next year. After its 1979 rights issue, not to mention the prospective sale of Lindustries' offices and the prospect of a healthy profit on its stake in Barber Oil, Hanson is not short of cash, but the purchase is being funded with debt, advanced purely on the strength of McDonough's assets.

There is a small goodwill element in the deal, and overall the ratio of Hanson's net debt to tangible shareholders' funds seems likely to move over 50 per cent, even treating the convertible bond as equity. Still, this is by no means excessive for a group which generates cash as freely as Hanson, and by funding McDonough with debt Hanson will avoid any embarrassing drag on its current cost earnings.

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